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NEWS SUMMARY

GENERAL

Flood areas pledged cash

Councils in the areas worst hit by Thursday's storms, which killed at least eight people, have been promised Government aid.

Gas ship ablaze

Naval firefighters abandoned a liquid-gas tanker, ablaze off Devon, after its 18 crew were taken off.

Airports' strikes

Foreign airline flights into and out of Athens were cancelled because of a strike by ground staff.

Spain's ports shut

Most of Spain's ports were closed in the second day of a strike by dockers protesting against increasing private capital in the industry.

Italy emergency

Italy is expected today to introduce emergency economic measures, including raising fuel prices.

Child year 'failure'

Britain's efforts towards the International Year of the Child have been a scandalous failure, the director of the National Educational Research and Development Trust said.

Revolt arrests

Security forces in St. Vincent, West Indies, have arrested 32 men and 10 women in connection with December 7's armed revolt on nearby Union island.

Guerrillas die

Colombian troops killed nine Left-wing guerrillas, two of them women, in a clash 120 miles south-west of Bogota.

Lillex reprimand

Australian fast bowler Dennis Lillee was reprimanded by his country's cricket authorities for holding up the first Test against England in an argument over his administration bat.

Bungler kills two

Two people died, 12 were hurt and 15 Warsaw flats were damaged in an explosion that resulted when a young man turned on the gas in an attempt to commit suicide. He survived.

Briefly...

Inquest was opened at Eastbourne on Terence Judd, aged 52, the concert pianist. Dr. Sooh Unakul, former governor of the Bank of Thailand, has become a Buddhist monk. Belgian doctors, dentists and chemists' strike entered its second week with no solution in sight. Five West German tourists and their Indian pilot died when their sightseeing helicopter crashed in the Himalayas. Turkish delegates are talking to Saudi officials about help for Turkey's economy.

CHIEF PRICE CHANGES YESTERDAY

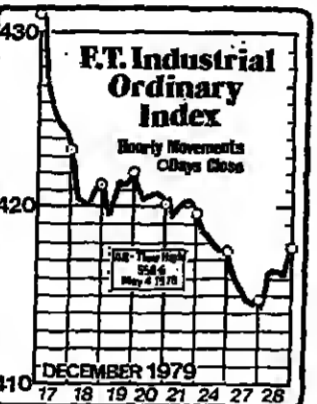
Table with columns for RISES and FALLS, listing various commodities and their price changes.

BUSINESS

Gold off \$1; Equities quiet

GOLD closed at \$510 in London, a loss of \$1 an ounce on Thursday's record close.

EQUITIES: New account brought an improvement in the level of trade. The FT 30-share index closed 3.1 up at 417.8.



GILOTS attracted domestic funds for investment in mediums and longs. The Government Securities Index closed 0.03 up at 65.49.

STERLING closed at \$2.2345, a fall of 55 points from Thursday. Its trade-weighted index was 70.3 (70.5). DOLLAR closed at DM 1.7240 (DM 1.7165), its best level for the day.

WALL STREET was 0.68 down at \$39.42 before the close.

Syndicate move abandoned

LOYD'S of London, the UK's leading insurance market, has abandoned attempts to prevent any underwriting syndicate securing a dominant position in one type of business.

MORGAN Grenfell, merchant bank, plans to convert many of its overseas representative offices to banks.

FORMER Labour Minister Alan Williams accused Immos, the semiconductor company backed by the National Enterprise Board, of renegeing on agreements in its decision to site its first production plant at Bristol.

BRITISH AIRWAYS is expected to re-open pay negotiations next month after rejection of its offer by most of the 33,000 ground staff.

CHRYSLER UK, in common with most European Chrysler companies, is to change its name to Talbot from January 1.

COMPANIES

VAN GELDER PAPER, Dutch papermaker, plans to delay repayment of an outstanding £150m (£11.8m) debenture loan, in order to finance its restructuring programme.

WILLIAM COLLINS, Glasgow publisher, which made a pre-tax first half loss of £838,000, sold the freehold of its St. James Place, London offices for £3.6m.

J. F. NASH Securities, motor, packaging and engineering group, reported pre-tax profits for the year ended September 30 of £598,000 compared with its expected £550,000, and with £374,000 in 1977-78.

CAVENHAM, the food group headed by Sir James Goldsmith, reported sales up from £1.08bn to £1.37bn and pre-tax profits of £27.1m against £14.5m for the 32 weeks ended November 10.

North Sea oil prices to rise by \$2-\$4 a barrel

BY RAY DAFTER, ENERGY EDITOR

NORTH SEA oil prices are to be increased by between \$2 and \$4 a barrel from next Tuesday.

FORECAST UK GOVERNMENT REVENUES FROM NORTH SEA (£ billion) table with columns for Pricing Assumptions and years 1979-1985.

It could be a week to a fortnight, however, before companies specify the exact amount of the increase. First they will want to see how the world oil market settles in the New Year after the complicated pricing structure that emerged from the recent meeting in Caracas of the Organisation of Petroleum Exporting Countries.

With this in mind, companies, notably British National Oil Corporation, are anxious to wait and see how world price levels settle in the coming weeks. They will be hearing in mind the comments of Sheikh Ahmed Zaki Yamani, the Saudi Arabian Minister of Oil, who has speculated that a temporary crude oil surplus in the early months of 1980 could lead to a softening in some of the higher prices being quoted.

Iraq, one of the major OPEC producers which emerged as a support of the Government. UK oil producers have always charged the full market value for their crude; invariably the level established by Algeria, Libya and Nigeria. However, North Sea producers have tended to follow the pricing movements, rather than take the lead.

More petrol price increases, Back Page

Rhodesian election date angers Patriotic Front

BY QUENTIN PEEL AND MARK WEBSTER IN SALISBURY

THE RHODESIAN election will take place during the last three days of February, Lord Soames, the British Governor, said last night, a few hours before the ceasefire in the country's bitter guerrilla war was due to come into effect.

Lord Soames' decision means he is keeping to the shortest possible timetable as laid down at the Lancaster House peace conference—and quashing any final hopes of the Patriotic Front guerrilla alliance for an extension of the campaigning period. It was immediately condemned by Patriotic Front officials.

Several potentially explosive issues remain to be resolved. A British official admitted yesterday that 41 political detainees are still being held by the Rhodesian authorities. No limit has been set on political parties' election spending, and a decision on how to allocate broadcasting time is also still under review.

Thermo-Skyship gets lift-off

BY JOHN MAKINSON

THE THERMO-SKYSHIP project has taken off—but only just. The Isle of Man company which was hoping to raise £3.2m in equity capital to develop a commercial airship had received £1,407,000 by yesterday's 3 pm deadline.

This is the second attempt by Thermo-Skyships to raise equity from the public. The first issue, in June this year, failed by a wide margin to meet the minimum subscription. On that occasion no institutions applied for shares.

The offer for sale is the first stage in the company's attempt to raise £30m for development programme. Mr. Hargreaves said the issue of more equity is likely, up to a maximum of £8m, but Thermo-Skyships is also seeking financial assistance from the governments of the UK, France and Belgium.

CONTENTS table listing various sections and their page numbers.

Steel talks break down

By Alan Pike, Labour Correspondent

STEEL PAY talks broke down after unions rejected an additional 1 per cent offer from the British Steel Corporation.



Bill Sims: short and sharp

Mr. Bill Sims, general secretary of the Iron and Steel Trades Confederation, said he hoped the strike, starting on Wednesday, would be a "short, sharp encounter."

Russia gives aid pledge to Afghanistan

BY ALAIN CASS AND K. K. SHARMA IN NEW DELHI

THE Soviet Union yesterday followed up its involvement in the coup which installed a new regime in Afghanistan with a pledge of military and economic aid and a message of congratulations from President Leonid Brezhnev.

opposed to any form of Communist rule in the country. In a broadcast, Mr. Karmal said he would seek negotiations with the rebels, using "political channels to seek solutions to military problems." But leaders of the fractured resistance movement based outside Afghanistan insisted there would be no lull in their fight to establish an Islamic state.

Pakistan envoy in talks on hostages

BY SIMON HENDERSON IN TEHRAN

SIGNS OF a diplomatic initiative to help solve the American hostage deadlock have emerged after a visit to Tehran by Mr. Akbar Shabir, Pakistan foreign affairs adviser.

During his visit, Mr. Shabir had two meetings with Mr. Gotbzadeh and a separate 45-minute interview with Ayatollah Khomeini in Qom. He also met Dr. Abolmohamed Beheshti, the secretary of the ruling Revolutionary Council.

ARBUTHNOT FOREIGN FUND advertisement including performance chart and investment details.

OVERSEAS NEWS

Why the Kremlin had to act over Afghanistan

THE installation of a new Soviet-backed regime in Afghanistan on Thursday night was the product of a carefully-planned and efficiently-executed operation which began before Christmas with the build-up of Soviet military forces on the country's northern border.

In the space of a few hours, 5,000 fully mechanised Soviet troops with logistical support had participated in a brief but bloody battle in Kabul's streets and installed the favoured Babrak Karmal as president. Hafizullah Amin, who came to power only in September, was promptly tried and executed, and the upheaval left Western countries and Afghanistan's neighbours worrying about her interests in a dangerously unstable, yet strategically important, region.

For the U.S., the takeover is a blow, even though Washington has recognised Afghanistan as lying in a Soviet sphere of influence. The coup comes at a time when U.S. influence in the so-called "recessed" crisis, stretching from the Middle East oilfields to the divided subcontinent, has sunk lower than ever.

The absorption of Afghanistan into the Soviet orbit following the downfall of the Shah of Iran, the recent sacking of the U.S. embassy and other American buildings in Pakistan, and the visible increase in the Kremlin's influence in the oil states of

the Middle East amid an Islamic religious revival, all seem bound to reinforce the hawks in Washington.

At this stage little is known about the Soviet Union's long-term intentions. Western and Asian diplomats have watched with mounting concern the growing Soviet involvement in Afghanistan since the Moscow-backed coup in April 1978 which installed the late President Nur Mohammed Taraki. They believe the Kremlin acted in this dramatic fashion for a number of reasons:

● The Soviet leadership was responding to a situation in which its interests on the southern banks of the USSR were being increasingly threatened. Revolutionary Iran, under the Ayatollah Khomeini, threatened not only the world's precariously-balanced oil supply but also the stability of all those countries in the region with potentially militant Islamic communities. They include the Soviet Union.

● The crisis between Iran and the U.S. over the hostages in the American embassy in Teheran has raised fears of military intervention by Washington. "The invasion of Kabul—and there is no other word for it—is a clear signal to the West that the Russians are willing and able to intervene militarily to protect their interests," said one diplomat in New Delhi.

The Kremlin was most certainly persuaded in act by the



Guerillas of the Islamic Afghan Movement at one of their rear bases in Iran.



deepening crisis within Afghanistan, where a beleaguered central Government was succumbing to militant Islamic rebel forces. The rebels not only controlled most of the countryside but also threatened the capital itself, with a growing number of terrorist attacks rendering the country ungovernable and demolishing any immediate prospect of economic revival.

The big question now is whether the new Government, which is still consolidating its power, can overcome this resistance and restore stability, as the Soviet Union undoubtedly wants. On the evidence of their past statements, the rebels are unlikely to feel any happier

about Babrak Karmal than they did about Mr. Amin or Mr. Taraki—they dislike Communism in any form. However, although the rebels have scored some notable successes, and the desertion rate from the conscript Afghan army has increased during the past 18 months of rebellion, they may be in no position to over-

K.K. Sharma and Alain Cass in New Delhi and Simon Henderson in Tehran report on the latest coup in Kabul



Babrak Karmal

thrown a Kabul regime more openly backed by the Soviet Union. The rebels' own military and political activities lack co-ordination and the willingness of the new regime to follow up its preliminary statements that it is prepared to negotiate with the rebels. Last autumn, Mr. Hafizullah Amin launched a

major offensive with Soviet helicopter gunships, tanks and artillery in the eastern provinces in an attempt to regain the initiative. Mr. Karmal will need similar backing to try the same. Mr. Karmal's new Cabinet contains several of his old colleagues from the Leftist Parcham ("Flag") Party

purged by Mr. Taraki after the April 1978 revolution. Other names mentioned include some of Mr. Taraki's old Khabr ("People") Party and a brigadier and major-general who might help win the complete loyalty of the Afghan armed forces.

Worried Western diplomats, faced with a fait accompli, are now wondering whether the Russians will become embroiled in a guerrilla war they cannot win. This is based on the assumption that Moscow continues to cherish a long-standing ambition to use Afghanistan as a springboard for its wider ambitions in the area. These are said to include hegemony over the Gulf and the use of warm water ports in the Indian Ocean. For neighbouring Iran and Pakistan, the fears are perhaps even more tangible because of the vital area of Baluchistan. Islamabad in particular has long feared Soviet backing for the secessionist movement in Baluchistan. Between 1974 and 1976, Pakistan ruthlessly put down an armed insurgency by Baluch tribesmen, and secessionist sentiment has not dwindled since then. In Zaidon, the capital of Baluchistan, fighting only last week resulted in 14 deaths and more than 70 injured, and there are fears that this, too, could prompt a greater drive for autonomy.

Opposition to Carter appointments

BY IAN HARGREAVES IN NEW YORK

PRESIDENT Jimmy Carter faces an attempt to veto his two controversial nominations to the U.S. International Trade Commission, the body which deals with complaints about unfair trading practices by foreign companies.

The American Federation of Labour and Congress of Industrial Organisations (AFL-CIO) confirmed yesterday that it would testify before a Senate Committee against the nominations, which the labour group fears will weaken a number of attempts to crack down on what it sees as unfair competition

from abroad. Pressure is also being put on the Administration to rethink the nominations by the steel industry, which is expected to enter the limelight early in 1980 with a batch of anti-dumping allegations against European steelmakers.

The nominations under challenge are those of Professor Robert Baldwin, who holds the chair of International Economics at the University of Wisconsin and who until recently was a consultant to the World Bank, and Mr. Michael Calhoun, a 32-year-old trade lawyer who has

been on the trade sub-committee of the House Ways and Means Committee for several years. Of the two, Professor Baldwin's appointment is regarded as the more controversial. His academic writings have placed him squarely in the ranks of those who believe strongly in maximum freedom in international trade.

Mr. Joseph Parker, the Commission's chairman, has learned that he is not to be reappointed by President Carter. The White House has announced that Mrs. Catherine Bedell will take over the chair-

manship on a temporary basis. Mrs. Bedell, a former Republican Congresswoman, has been a member of the Commission since 1971.

There is a strong feeling that the President, in making new appointments in the Commission, has given the body a stronger free trading bias. The new appointments will be decisive in establishing the balance of view in the committee as the four sitting members are regarded as evenly split in their sympathies for protectionist postures against

Hua backs Pol Pot successor

By Tony Walker in Peking



Khieu Samphan

CHAIRMAN Hua Guofeng yesterday pledged China's support for the reconstituted Khmer Rouge forces led by Khieu Samphan. Chairman Hua conveyed his support in a message in Khieu Samphan, who replaced Pol Pot as Prime Minister of the ousted Kampuchean Government in a reshuffle confirmed by the Khmer Rouge on Thursday. Hua said he had learned with pleasure of Khieu Samphan's appointment.

The reshuffle, confirmed on Khmer Rouge radio and thought to have been transmitted from southern China, is seen as an attempt to create a united front of Khmer forces fighting against Vietnamese forces which support the Phnom Penh government of Heng Samrin. It is also aimed at improving the international image of the Khmer Rouge leadership and retaining his position as head of the guerrilla army fighting the Vietnamese.

Earlier reports that Pol Pot had been executed were denied. In fact, Pol Pot still appears to be powerful in the Khmer Rouge and retains his position as head of the guerrilla army fighting the Vietnamese.

Khieu Samphan, who has always had a reputation as a moderate in the Khmer Rouge leadership, will retain his position as President and Chief of State of Democratic Kampuchea. He has also been elected provisional chairman of the party and will be assisted by two premiers—Ieng Sary and Son Sen.

In the supporting message from Peking, Chairman Hua said he was confident the new Kampuchean United Front under Khieu Samphan could defeat the Vietnamese.

Italy plans emergency package as energy worries grow

BY PAUL BETTS IN ROME

THE Italian Government is expected to introduce a package of emergency economic measures today, including increases in domestic fuel and petrol prices—as anxieties grow over the country's increasing energy difficulties and gloomy short-term economic outlook.

Worsening of the country's economic prospects was confirmed yesterday by provisional Bank of Italy figures showing a deficit of L1,510bn (about £222m) in the overall balance of payments last November compared with a surplus of L388bn in November, 1978.

In the first 11 months of this year, the overall payments surplus totalled L1,854bn against a L5,840bn surplus for the same period last year. However, the Bank of Italy's not external position further deteriorated in November by L288bn. This appears to reflect the Central Bank's intervention in support of the Lira, which was coming under heavy pressure before the monetary authorities increased the dis-

count rate by three points to 15 per cent at the beginning of this month. During the past 48 hours, the minority Government of Sig. Francesco Cossiga has had intensive talks with trade union leaders and representatives of the National Employers' Confederation, Confindustria, to discuss the economic package.

The new measures, which are also likely to include gradual liberalisation of price controls on some oil products like diesel, are designed to cover in part the impact of the higher cost of crude oil imports next year.

Government officials have indicated that recent rises in oil prices could increase Italy's annual oil bill next year by 12,000bn (or more). The Government also hopes that the new measures will enable Italy to compete properly for scarce supplies of crude oil next year. It could face a shortfall of some 25,000 tonnes of oil next year, the equivalent of a quarter of its overall oil

import requirements in 1982. At the same time, the Government is attempting to win trade union consensus to introduce some modifications in Italy's highly inflationary automatic wage-indexation mechanism by removing the effects of higher energy prices from the "basket" in which the increases in the index are calculated.

The Government, and industry, are particularly concerned over the inflationary impact of higher energy prices in view of the sharp deterioration in the country's underlying rate of inflation now running at an annual rate of nearly 20 per cent. But the trade unions have so far flatly rejected any major changes in the indexation mechanism. They have threatened to stage an eight-hour national strike early in the New Year if the Government fails to meet a number of demands which are generally considered likely to stimulate inflation further.

Gold price boom prompts caution in S. Africa

BY BERNARD SIMON IN JOHANNESBURG

WITH THE record-breaking gold price prompting increasingly optimistic forecasts of South Africa's economic performance in 1980, Mr. Owen Horwood, the Minister of Finance, yesterday warned that the big bullion price did not mean an end to the Government's policy of "financial discipline and restraint."

Describing the breaching of the \$500 per ounce mark earlier this week as of "considerable significance" for the South African economy, Mr. Horwood continued against "any tendency towards financial permissiveness."

He added that "we simply cannot afford to live beyond our means as we did at the time of the big upsurge of the gold price in 1974."

Public spending rose then by more than 20 per cent a year, contributing in the balance of payments strains which sent South Africa into its deepest post-war recession. The increase in real terms in Government spending has been kept to virtually nil in the past two years, and Mr. Horwood is apparently determined that he will not allow a large increase in public sector outlays in his next

Budget to be presented in March. Nonetheless, the gold boom is having a considerable impact on the economy. Mr. Horwood privately admitted to Chamber of Mines estimates, taxation and the State's share of gold mining

profits totalled R1,84bn in the nine months to September—some R150m higher than the figure for January-September, 1979. In the third quarter alone tax payments amounted to R462m. Some of the Government's tax windfall has already been diverted to subsidise petrol, basic foodstuffs and transport. Barring a collapse of the gold price, it is widely expected, however, that Mr. Horwood will grant further generous tax relief to individuals and companies in the next Budget.

Rhodesia faces flood of returning refugees

BY MARK WEBSTER IN SALISBURY

ONE OF THE biggest humanitarian and political problems of the Rhodesian ceasefire must be tackled soon as hundreds of thousands of Rhodesian refugees prepare to flood back across the borders from neighbouring countries.

The refugee exodus from Rhodesia increased considerably over the past two years as the bitter civil war wrecked lives and took away livelihoods and as the guerrilla armies needed more recruits.

Though information is scarce, it is estimated that 200,000 to 250,000 refugees are sheltering in Mozambique, Zambia and Botswana. Many are expected to return once it is clear that the ceasefire will hold.

The British Government has called a conference in London on January 4 to deal with the issue. The United Nations High Commission for Refugees and the International Committee of the Red Cross will be invited

since they are likely to do most of the work on the ground for the repatriation of the refugees. International relief organisations complain that an already complex problem—feeding, housing and providing medical attention for the refugees—is further complicated by the fact that many are also potential voters in the forthcoming elections.

It is not clear who they would vote for, but observers point out that the majority in Zambia (40,000 to 60,000) and Mozambique (10,000 to 150,000) were living in areas dominated by the Patriotic Front and are therefore likely to be sympathetic to their cause.

Many refugees have also been badly affected by the Rhodesian security forces' raids into Zambia and Mozambique. Relief organisations say that refugee camps have been hit from time to time and many people have had to move further from the border to avoid attacks.

It would, therefore, be in the Patriotic Front's interest in an election where every vote is likely to count, to have as many adult refugees back in the country as possible. But the British Government, backed by the relief organisations, favours a staggered return.

The organisations say that some refugees have been living in appalling conditions and are likely to need medical attention before they can move on.

The London conference will have to decide what facilities will be provided at the reception areas for the returning refugees; whether they will simply be checked through, fed and urged to carry on, or whether a giant tent city will have to be constructed to house them for several weeks, so that "vetting" can take place.

The former Rhodesian Government has been studying the problem and proposals have already been put to both the British and relief organisations,

but no decision has yet been taken.

Officials say it could take two to three weeks to set up the reception areas but they would like up to six months to complete the process. Regional Rhodesian officials have already said they will not accept refugees until the camps are ready—though they could be ordered to do so by the Governor.

Relief organisations fear that refugees may be tried to return before the necessary facilities are established. There have already been reports that they are being collected in temporary camps over the border in Zambia.

British officials accept that if the refugees decided to return the reception posts were ready little could be done to stop them because of the largely unguarded borders between the countries.

In those circumstances, they say, the refugees would just have to fend for themselves.

Nancy Dunne, in Washington, reports on Government moves to build up scholarships for women athletes

'Foul' called as men run off with the college dollars

THEY CALL it football fever in some U.S. colleges, where the sport is a virtual obsession. In the South, the mid-West and the South-west, entire universities are known for their quarterbacks, rather than academic excellence. Old grads generously donate scholarship funds, not to deserving students, but to promising athletes and during poor seasons gloom can settle over an entire state.

These die-hard fans now fear for their tradition, due to a set of new Government guidelines to Title IX of the 1974 Education Act, which forbids sex discrimination in any education programme in any school receiving Federal money, affecting most of the colleges and universities in the country.

In the seven years since the Act was passed, many school administrators have been fighting a rear-guard action in protect the traditional dominance of what they call "revenue producing" college sports—football and, to a lesser extent, basketball.

School pride aside, college football has become big business. Television contracts have made the profits so great at some schools that football receipts fund the entire budget for other sports programmes. The pressure on coaches to produce championship teams—and therefore TV money—has led to a competition for top players much like that of professional teams.

The better professional teams usually do offer up to 85 scholarships per school, which

under league rules, are supposed to cover only living expenses and tuition. But schools have been known to provide some "extras"—spending money, joys which require no work, and employment for family members.

Under the new rules, coaches will have to give more thought to attracting superior women athletes. The guidelines spelled out by Mrs. Patricia Harris, Secretary of Health, Education and Welfare (HEW), require that all schools receiving Federal money make scholarship funds available to women and men in proportion to their participation in sports programmes.

Whether or not women athletes can attract the interest—and money—that men do has been hotly debated. Women's basketball has gathered a grow-

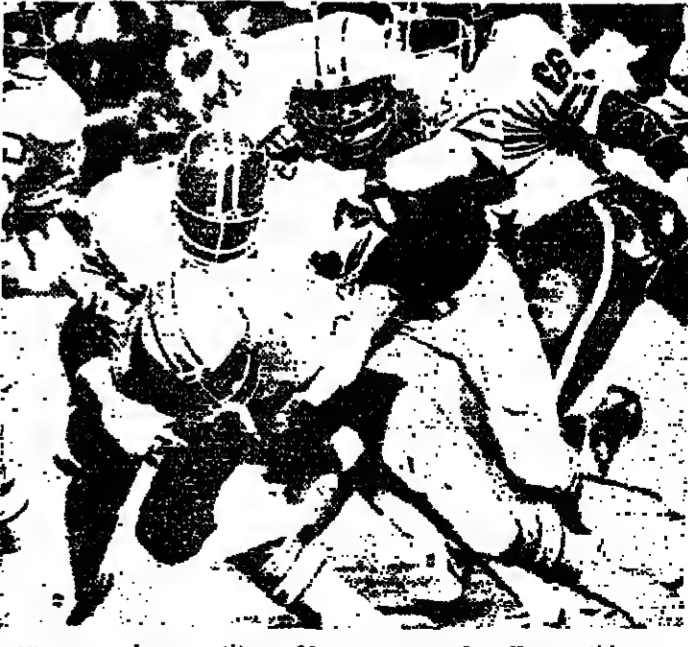
ing following at some schools and even a small amount of television time.

Feminist groups contend that women's sports are on the brink of becoming revenue producers. They point to the mushrooming interest of women in athletics since the passage of Title IX. Participation by college women in inter-college sports has jumped 250 per cent. It rose 800 per cent among the 1,600 high school girls who played in 1977. The traditional "lady-like" sports—tennis, horseback riding and golf—are still popular, but more and more women are joining in team sports. Women are also lifting weights and moving into endurance running. In 1977, more than 59,000 college women were playing tough football.

While more women have been joining in sports, their treatment when compared with their male counterparts, is decidedly second class. Although they now constitute 30 per cent of the inter-collegiate athletic population, they receive 21 per cent of the scholarship money, 14 per cent of the operating budgets and 19 per cent of the salaries budgets. High school boys being recruited by colleges are paid "travel" expenses as they visit various schools and consider offers. Women who rarely get travel expenses, select their schools from brochures. Women coaches with scanty budgets and little travel money select their recruits from video-tapes and girls who attend schools with no video equipment often miss college sports altogether. All this must change now, while HEW does not insist that equal money be spent on foot-

ball and tennis. Mrs. Harris made it clear that the Department and the new Department of Education which takes over the job next year will take care that "policies and practices provide equivalent opportunities throughout men's and women's sports programmes."

Institutions that provide new equipment each year for their male teams and used equipment only for their female teams, for example, "violate this standard," Mrs. Harris said. Whether all this means a 200 lb female weightlifter will be besieged by recruiters as a top-rated football guard is not at all certain. Some hope exists, even among football enthusiasts, that with less money to spend on signing up men the pressure will be off college coaches to produce winners any way they can.



Women, who constitute 30 per cent of college athletes, receive 21 per cent of the scholarship money, 14 per cent of operating budgets and 19 per cent of salaries in sport. The big money goes to the men in football.

هكزان الكحل

UK NEWS

Inmos site decision angers ex-Minister

BY JOHN LLOYD AND ROBIN REEVES

A FORMER Government Minister has accused Inmos, the semiconductor company backed by the National Enterprise Board, of renegeing on agreements by its decision to site its first production plant in Bristol.

Mr. Alan Williams, the former Minister responsible for regional policy, in the Labour Government, said on radio yesterday that the decision was a complete betrayal of undertakings given to him in the previous Government.

Local authority officials in South Wales showed earlier protest by local politicians in Tyne and Wear in their reaction to the decision that the £24m plant, which will create around 1,000 new jobs, would go to Bristol, Tyne and Wear.

More Home News on Pages 15 and 18

by a pledge that the first and subsequent manufacturing units are given special development areas.

However, Professor Ian Barron, Inmos's executive director, said on Thursday that Inmos had given no such pledge, either to the Government or to the NEB.

U.S. team studies ideas for Scottish micro centre

BY RAY PERMAN, SCOTTISH CORRESPONDENT

THE GOVERNMENT is considering forming a micro-electronics applications centre in Scotland from existing academic and private research departments, and has moved away from the idea that it ought to finance a completely new institution on a green field site.

The idea for a centre came last year from the Scottish Development Agency which wanted to raise the skill level of jobs being offered to Scots by the expanding electronics industry.

Mr. Alex Fletcher, the Scottish Industry Minister, has asked a team from the Stanford Research Institute of California, under the direction of Mr.

Edward Cunningham, the SDA director of planning, to investigate the likely demand from industry for training, research and consultancy services.

One of the main roles of the centre would be to promote applications of microtechnology in manufacturing industry. It is envisaged that, by carrying out private consultancy work, it could earn back its own running expenses.

Using existing institutions would be cheaper than setting up a new centre, would make use of the expertise already in Scotland, and could be done relatively quickly.

The Stanford team has already started work and will be talking to Edinburgh, Strathclyde and

Heriot Watt universities and the private consultancy group, Mackintosh Consultants, all of whom have submitted proposals to the Scottish Office or the SDA.

Dr. Ian Mackintosh, managing director of the consultancy group and a member of the advisory working party set up by the Government to consider the centre scheme, said the proposal to use existing facilities was a pragmatic one since it meant that the centre could be expanded gradually and in accordance with the demand for its services.

He thought that initially the centre might comprise only small offices with a few administrative staff. In time it could expand to take on technical workers based either in the universities or in the centre itself.

Underwriter claims Lloyd's has breached market principles

BY JOHN MOORE

LLOYD'S OF LONDON has breached accepted market principles, claims Mr. Stephen Merrett, one of Lloyd's top underwriters.

His allegation has sparked a major row, which Lloyd's was attempting to settle last night. In a letter sent earlier this month to members of his underwriting syndicate, Mr. Stephen Merrett says that it is a fundamental principle of Lloyd's insurance activities that no one without an underwriting authority for a syndicate in which a member of Lloyd's takes part has any authority to enter into a commitment on behalf of that member.

"I have to inform you that this principle has been breached," says Mr. Merrett. He continues: "You should be aware that the chairman (of Lloyd's) has permitted the participation of Lloyd's in an insurance pool sponsored by a foreign government."

South Africa is the Government concerned and the insurance pool was created to provide a market where commercial underwriters were unwilling to take part individually in riot insurance cover.

"The entry to the pool was apparently arranged by the committee or a sub-committee of one of the market associations," on the basis of Lloyd's as a society, claims Mr. Merrett.

There is no question of any Lloyd's underwriter who has not participated in the fund being asked to pay any claim," said a Lloyd's official.

been asked to form an opinion," and claims that proper accounting arrangements have not been made.

He concludes: "We believe that such an underwriting commitment should not be in any circumstances have been entered into on your behalf without the authority of your underwriter and that if such an arrangement had been made by any person or association without authority and then came to the notice of the chairman or the committee of Lloyd's it should have been repudiated immediately. We have protested."

"The matter is made more extraordinary in that the cover provided appears to go beyond... that which is permitted under the Lloyd's market's terms of the war and civil war risk exclusion agreement."

"It is extremely improbable that the quantum of risk would be enough to worry you. The principle may," Mr. Merrett has told his members.

The pool commenced operation on April 1 this year and according to Mr. Merrett, the risk is apparently accepted by Lloyd's as a whole and presumably any liabilities fall on all underwriting members.

Lloyd's said last night that in the event of a loss on the South African Special Risks Insurance Association Fund, underwriters who had participated would meet the loss in proportion to their involvement.

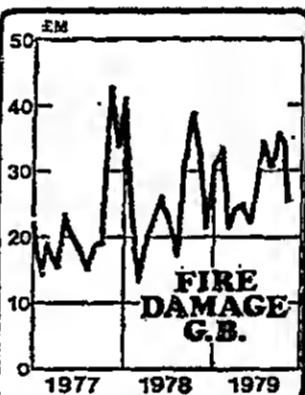
Fire damage down £9m last month

BY ERIC SHORT

FIRE DAMAGE costs in November decreased by £9m to £25.4m, despite the £4m damage incurred at the Parkinson Rowan factory in Birmingham. Figures issued by the British Insurance Association showed that last month's damage was £7m lower than in November, 1978, and was the lowest monthly figure since June, 1979.

However, fire damage costs in the first 11 months of this year, at £316.2m, already exceed the costs for 1978 which totalled £308.3m—a record figure—and are 10 per cent higher than for the corresponding period last year.

In addition to the major fire at Birmingham, there were five other fires where damage exceeded £1m including Packington Hall in the West Midlands, a cinema, schools, shops, home of the Earl of Aylesford.



Altogether, there were 72 fires in November costing more than £35,000 each, including 27 at schools, cinemas, shops, social clubs and theatres.

New Year revamp for Air Kent

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

AIR KENT, which recently suspended flights between Mansdon, Kent, and Brussels and Rotterdam pending an interim reorganisation, is to resume passenger flying on January 14, when details of structural changes now being finalised are expected to be announced.

Mr. Robin Paine, chief executive, said: "After a brief period of readjustment to schedules, we are looking forward to entering the New Year in a healthy new format."

From January to March, the airline would be offering 224 seats a week to Brussels and Rotterdam, and would increase seat availability for the summer season, he said.

UK-Singapore air cargo proposed

BRITISH AIRWAYS and Singapore Airlines will discuss introduction of air cargo service between London and Singapore, with a view to starting in the New Year.

The other results from Anglo-Singapore air services talks held in London last week were the addition of Brussels to Singapore Airlines' Singapore-London route and the extension of British Airways' London-Singapore route to Jakarta.

LABOUR

British Airways expected to re-open pay talks

BY NICK GARNETT, LABOUR STAFF

BRITISH AIRWAYS is expected to re-open negotiations with its unions next month after the rejection of its pay offer by most of its 33,000 ground staff.

The corporation told its unions that increases had to be funded out of improved productivity. Its offer involves the consolidation of productivity payments into basic pay and a 12 per cent increase on the resulting rates. Shift pay would be increased in line with the Retail Price Index. London weighting allowances would be improved in two stages and leave entitlement increased.

In return, the corporation wants higher productivity from ground staff. The corporation's negotiating position might have been made more difficult by an offer put by British Caledonian to its ground staff. This is a proposed indexed two-year deal and involves a 15 per cent increase, an extra 4 per cent when the RPI rises 10 per cent from the estimated January level and further payments of 4 per cent for every 4 per cent rise in the RPI thereafter.

Some groups of British Airways staff have agreed specific productivity proposals put to them by management. Others are seeking a higher offer though they are prepared to discuss productivity. The powerful group of maintenance engineers who mounted a damaging strike three years ago have told the corporation, however, that they want an offer with no productivity strings.

In an economic statement to employees, the corporation says costs are rising rapidly and competitive pressures have increased through expansion of low fare services. Staff are reminded that the corporation's re-equipment programme envisages the spending of £3.4bn to 1985, that its fuel bill is £1.2m a day.

Unions centralise anti-cuts research

BY PHILIP BASSETT, LABOUR STAFF

THE TUC has set up a special ad hoc committee of trades union research and information officers to co-ordinate information to be used in its campaign against the Government's public expenditure cuts.

The committee, an offshoot of the public services committee, is being used by the TUC as a clearing house to draw together information to support its Campaign for Social and Economic Advance, which was launched at the annual congress in September.

Chaired by Mr. David Lea, the TUC's assistant general secretary, it will collate information on public spending cuts obtained by unions working in specific areas such as local government, health or the Civil Service.

Unions represented on the committee include the Transport and General Workers' Union, the Amalgamated Union of Engineering Workers and the General and Municipal Workers' Union, the three largest.

TUC officials deny that the committee infers any kind of link set apart from the research department of congress. But many of its members are from the departments of unions which generate policy and provide back-up services for negotiations and national officials' other work.

Pay beds boycott threat withdrawn

BY GARETH GRIFFITHS, LABOUR STAFF

THE NATIONAL UNION of Public Employees has withdrawn its threat to boycott patients occupying private pay beds in the National Health Service from January 1.

The union's executive has decided that a boycott would distract attention from the campaign against the Government's spending cuts. But NUPE expects action will be taken within the next two years over the issue of pay beds.

The union's annual conference in May passed a resolution giving the Government notice that it would take action in the New Year unless a date was given for removing NHS pay beds. The NUPE executive had been opposed to a definite date and had urged a more moderate line.

NUPE said last night that it remained committed to backing action taken by members against pay beds. But a large number of the 2,000 or so pay beds were scattered in ones or twos over the country and a boycott would take people's minds off the general cuts campaign.

The situation could be more serious in London, where half the pay beds were located. Health Service unions have been worried at the abolition of the Health Services Board and proposed under the Health Services Bill to favour private medicine. NUPE and the Confederation of Health Service Employees have not excluded the possibility of industrial action against the proposals.

The TUC's Health Services Committee is to look at ways of drawing up a common union strategy against private medical treatment in the NHS.

Doctors awarded further £400 in expenses

THE GOVERNMENT yesterday agreed to increase the practice expenses of general medical practitioners to £5,400 a year from £5,000. The average pay of £12,327 per year remains unaltered.

The move follows a recommendation by the Review Body on Doctors' and Dentists' Remuneration. In a second supplement to its 1979-1980 report, the Review Body says computer error in data for the £5,000 estimate plus the increases in value added tax, staff salaries and motor costs meant the need for a revised estimate.

The cost of the increases over the year 1979-80 will be about £10m according to the Department of Health and Social Security. The practice expenses estimate is based on provisional information from the Inland Revenue using a 1977 sample of actual expenses. The British Medical Association asked the review body to re-examine its findings on expenses published in June, as costs had risen at a high rate that seemed likely at the time the report was being drawn up.

The BMA has asked for an additional £700 per year to meet the extra costs and said it found the award disappointing. "Unless general practitioners are able to find the balance from their own resources, the service they offer could suffer," it said.

General practitioners received an average increase of nearly 26 per cent in June when the review body produced its main report. About 27,000 (1978 figure) GPs were affected.

Doctors and dentists, however, will only gain their rightful position in the earnings league, says the review body, if there are "substantial" 1980 pay increases. Doctors' and dentists' pay has been the subject of a three year process to bring them into line with comparable groups by April 1980.

Contract divers may join union. MOVES to unionise self-employed divers working in the North Sea oilfields are likely in the New Year following initial talks between divers' representatives and the National Union of Seafarers.

The 1,500 divers who work on contract for the oil companies feel their pay and conditions have slipped compared to other North Sea oil workers. They say the oil managements have not taken any account of their grievances or poor working conditions. Wage rates for an air diver on the North Sea average between £50 and £80 a day and for a saturation diver from £170 to £250 a day. Divers' representatives claim their negotiating strength is being undermined by foreign divers working to gain experience rather than for a going rate.

Economy at a dangerous corner, says Outlook

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

BRITAIN'S ECONOMY looks as if it is at a dangerous corner with high inflation and faltering output, the London Business School maintains in its latest Economic Outlook.

The Outlook regards it "as inevitable that the inflationary pressure caused by the combination of rapidly rising oil prices and an expansionary fiscal stance will be sustained for a while by high pay settlements."

But this pressure will be countered by the fact that the economy is already moving into recession. Moreover, if the "monetary targets are met there will be a severe squeeze on the real money supply (adjusted for inflation) which will deepen the recession still further."

The short-term response to these developments is difficult to predict. It is the usual question of how much of the adjustment will come on prices and how much will come on output.

"The most encouraging sign is the slowdown in wholesale price inflation, which must partly be the result of the forces of international competition, but unless there is a corresponding slowdown in wage rates, the outcome will be a squeeze in profits today and a fall in employment and investment tomorrow."

The Outlook, which is published by Gower Publishing by the school's Centre for Economic

M & G Group payments

Three funds in the M and G Group have announced increased distributions. M and G European and General is raising its interim from 0.711p to 0.833p on account of the period to June 29, 1980, while M and G Recovery is paying 1.5p against 1p in respect of the year to June 15, 1980.

Economic forecasts

THE COMPARISON of 13 economic forecasts published on page four of yesterday's paper was survey carried out by the Financial Times and not by the Society of Business Economists as indicated.

Video disc 'could oust schoolbooks'

THE 50p video disc could compete with the school textbook as a main source of learning for millions of children, a teachers' conference was told at Birmingham yesterday.

Mr. J. G. Morris, director of the research and intelligence unit at the Scottish Education Department, also forecast other ways in which the micro-processor revolution will affect schools.

Computer-managed learning systems to help produce individualised materials for students. Complete packaged courses produced on a computer without the aid of a teacher.

A problem-solving system based on modelling, in which the use of a calculator and word-processor will eliminate the drudgery of calculation.

Mr. Morris told the National Association of Schoolmasters/Union of Women Teachers conference that it did not mean they would all be out of a job.

"I believe it heralds a change of direction and emphasis for the teacher and does not herald redundancy for him."

He said that although the silicon chip had only been around for eight years, the present application of micro-processors was "surprising. Some 25 per cent were used in data-processing, another 25 per cent in games, calculators and music, 30 per cent in industry and commerce and the public sector."

MICHAEL LAFFERTY ON MORGAN GRENFELL'S NEW CHIEF EXECUTIVE

Emphasis on international expansion

INTERNATIONAL expansion seems likely to be Christopher Reeves' main aim as chief executive at merchant bankers, Morgan Grenfell. At 43, he takes over the senior management position at one of the City's largest merchant banks at the beginning of a new decade—and could still be in the driving seat at the beginning of the next.

"As I see it, the emphasis will be on expanding internationally in such a way that what we already do in London," says Mr. Reeves. That means traditional bank lending—with a strong emphasis on innovation, corporate finance, and fund management.

At present only around 200 of Morgan Grenfell's 900 staff are based outside the UK, mainly in representative offices in 19 centres around the world.

It is the future of these representative offices which is now coming under greater scrutiny. "I don't think representative offices—other than New York—necessarily have an infinite life. We must look very closely at each office, and decide whether there is a case for turning it into a trading operation as a sort of mirror image

of London. We have already done this in Singapore and Australia."

Mr. Reeves says Morgan Grenfell has all the skills it needs under one roof in London. "Now let's see how we can transfer these skills into local areas overseas, with a local flavour. It appears the bank will be willing to accept joint ventures in this process, provided certain conditions are met."

"If we do not own more than 50 per cent of the capital we will want management control," comments Mr. Reeves.

International expansion seems bound to stretch some of the traditional methods of operation at Morgan Grenfell, but Mr. Reeves is confident the merchant bank will be able to adapt. The decision to have 700 staff under the same roof in the City means considerable advantages are gained from people working in close proximity. The top five members of management sit in the same room, for example. "We are great advocates of the open plan method of organisation," he says.

Another feature of Morgan Grenfell on which Mr. Reeves places great emphasis is a central information service. "The essence of our approach

all-round advice. I see our senior management as highly trained people with several disciplines."

Another of Mr. Reeves' approaches is his commitment to Morgan Grenfell's traditional activities.

"I think we should stick to our last. I see no advantages in our becoming a financial supermarket. We will remain a wholesale operation."

He places equal emphasis on each of the three main operational divisions of the bank. Staffwise, the greatest concentrations are in banking—including treasury operations—where there are some 200 people. The fund management division accounts for 170 people, while corporate finance has 50 people and generates a very substantial fee income.

In addition there is a small, but expanding bond department with 25 people, a computer department with 60 people with general administration and accounts representing the balance.

As an unquoted, largely institutionally-owned merchant bank, Morgan Grenfell has not up to now felt constrained by capital shortages, unlike other leading merchant banks. "Our only real limiting factor is our

ability to find people with skills and ideas, and the ability to push their ideas forward," comments Mr. Reeves.

"We don't want to spend too much time managing ourselves. The more we are working for our clients the more successful we will be," he adds.

The new two-tier management structure which is being introduced at Morgan Grenfell is partly to do with this attitude.

"We could have spent a great deal of time reporting to each other," said Mr. Reeves. He believes the new system, under which former chief executive, Mr. Mackworth-Young, becomes chairman of the merchant bank—though not group chairman—makes best use of senior people at the bank.

Mr. Reeves says one of Mr. Mackworth-Young's new functions will be "masterminding one or two big corporate finance jobs" each year. "We will be looking to him to lead in specific areas."

His own role, as group chief executive, is to make sure the environment is right and people are on their toes.

The essence of our business, after all, is coping with difficulty. We have to keep one step ahead."



Mr. Christopher Reeves

THE MARKETS

Carefully into the 1980s

A GLOOMY outlook seems likely for most of 1980 but there is a fair chance that by the end of it equity prices could revive to leave them higher than they are today. That is the forecast of Roy Peters, research principal for stockbrokers Hoare Govett.

The major worry is the cost of energy. According to Roy Peters, "Until quite recently investors generally have been thinking in terms of a mild recession next year. Though the market has been bedazzled by spot prices for oil, contract prices in 1979 have been rising much more slowly. But in 1980 there could be a lot of catching up."

"So a re-run of the 1974-75 experience may be difficult to avoid, though the shock to the system will not be as great this time. The push in inflation will not be so dramatic and many industries are now well experienced in living with flat demand and high inflation."

The investment community is getting to grips with the outlook and a slide in equity prices during the first half of the year is in prospect.

With this view of the equity market, Hoare Govett is tending to direct investment towards the financial services and special situations.

Roy Peters is still a seller of the engineering sector in general. In his view the industry will not be bailed out by weak sterling as in the last recession, and some of the dividends are looking vulnerable. A lot are uncovered on an inflation-adjusted earnings basis. The exception among the engineers is motor components where Hoare Govett are optimistic as long as the sector has a reasonable run on the labour relations front.

The housing market is likely to slow down further next year with a recession squeezing the level of both receipts and mortgage demand. This is the verdict of Mr. Clive Thornton, chief general manager of the Abbey National Building Society, who believes that a major difficulty will be to keep new construction activity ticking over.

Mr. Thornton says the Abbey has lent the same amount in monetary terms this year as in 1978, and he foresees no improvement in the first half of 1980. At present, the Abbey

HOME LOANS
A slowdown

is actually reducing its mortgage expectations by around 15 per cent, though this target could be amended in the course of the year.

The signs are that housing is becoming a buyer's market again, according to Mr. Thornton. The mortgage pipeline is down to around eight weeks.

THE 1980s do not appear to offer a new dawn for financial investment. The Financial Times this week asked experts in seven investment areas for their views on prospects for next year and the dominant mood was one of gloom or caution.

A notable exception is the optimism which some analysts express about the gilt-edged market. The real joker in the pack is gold, which has undoubtedly proved the star-turn of 1979. Could it be that an investor in any of these sectors will see his asset more than double in value before next Christmas, as gold did this year? To judge from these responses, it looks unlikely.

compared with three months earlier this year, and not many buyers are backing out of the queue.

GILTS
A good year

John Wilmot of brokers Laurie, Milbank is optimistic about the prospects for the gilt-edged market. "1980 seems likely to be a good year. In common with most forecasters we are expecting the economy to move into recession next year, and we are rather less optimistic than most about the strength of any recovery in 1981 and beyond."

"We do not expect the Government to relax its fiscal and monetary policy, and so this weakening in economic activity should ensure that financial pressures ease as the year progresses, and that interest rates fall."

"However, there will be a need for patience on the part of investors. International interest rates seem likely to stay high at least through the first quarter of the year, and the peak of inflation in this country may not be reached until the late spring."

"It will be important, there-

fore, that short-term rates remain at high levels until the Budget to ensure that our rates are reasonably competitive, and that the necessary degree of monetary control is maintained."

"But thereafter as the recession develops here and elsewhere and as the rate of inflation begins to decline, a fall in both short- and long-term interest rates should become well established, even if it is slow in the early stages. "By the year-end, if our

property and the supply-demand ratio is not seriously out of balance."

"But as the year progresses, I would expect to see real levelling off and perhaps in some cases even falling from their present high market levels. Much will depend however upon how deep the recession will become."

CURRENCIES
Firm dollar

The dollar should be generally firmer next year against other major currencies although it will still suffer periodic weakness on account of international uncertainties.

This mixed forecast for 1980 from Mr. Hywel Jones, a director of International Forecasting at the Henley Forecasting Centre.

The dollar's performance would be bolstered above all by a dramatic improvement in the U.S. balance of payments, lower inflation and the Federal Reserve's tight monetary policy, at least in the first half of the year.

The outlook for sterling was in many ways a mirror image of that of the dollar. High UK inflation would be a fundamental depressant. The overall trend was expected to be downwards with the pound falling towards the \$2 level by the end of the year.

BANKING
Hard times, but...

Mr. Roy Vine, senior general manager of Barclays Bank, paints a bleak picture for bank customers in 1980. Average base lending rate for the year could be as high as 14 per cent.

Many companies, particularly small businesses, will hit hard times; there will be quite a few insolvencies, involving in some cases large companies. Personal customers, on the other hand, will find it very difficult to arrange new loans, particularly in the first half of the year.

"We expect to see the first reduction in interest rates around February or March, but the decline will probably amount to only 1 point. By the end of the year, however, rates could be in the range of 10 to 12 per cent. Thereafter it depends on the inflation rate. Interest rates are not likely to fall much below the

inflation rate." Indications are that personal sector demand for funds is continuing to fall off at last. Nevertheless, correct restrictions mean that people will have to have very good reason for wanting extra funds, especially in the earlier part of the year.

"There may have to be greater flexibility with the corset. Already, because of the exceptionally high deposit rates, we are seeing a switch of funds from current to deposit account. The latter are interest-bearing, and accordingly subject to the corset restrictions on growth."

GOLD
Still a glitter

The price of gold finished the week at \$316 per ounce having started the year at \$226. Mr. Meinhard Carsten of the Dresdner Bank and Mr. Paul Duhler of Union Bank of Switzerland, the respective heads of their banks' foreign exchange and precious metal departments, remain sure that the underlying trend remains up.

"I remain bullish, but I admit that the pace of the rise over the past three months has surprised me," says Mr. Carsten. "And just as we used to have to accept temporary falls of \$20 the price of the metal may now fall by \$50. It's very much a thin year-end market at the moment. I think a truer picture will emerge in early January. There is an IMF auction on January 2 and the participation of investors will be indicative."

Mr. Zubler concedes that the recent price rises have given the gold market something of a gambling flavour. "I would recommend investment at the moment to somebody who can pay cash and who can afford to lose," he says.

Mr. Zubler links the recent price rise firmly to the rise in the price of oil, to the financial arguments arising out of the Iranian situation, and to buying from the Middle East. "If you have commodity whose price you can check with your own eyes, I think you lose contact with the relative value of other assets. It is a different point of view to someone who has had to work 20 years for his money. Having raised the price of one commodity you are ready to pay a higher price for another."

Looking for signs of things to come

WELL, BY noon on the fourth day of Christmas there was still no sign of S. Clause on Wall Street. There was still the odd bogus Father Christmas in Rockefeller Plaza clogging dollars for Hare Krishna in return for miniature candy canes and a mouthful of flannel, but Santa looked once again as though he was by-passing the New York Stock Exchange.

Readers of last week's column will recall the fact that Wall Street's so-called Santa Claus rally (covering the last four trading days of the old year and the first three of the new) is one of the street's more dependable events, having occurred in 22 of the last 37 years, although with an increasing tendency to stay away in recent years.

What we have had this week is a variety of shuffling on the spot such as you not infrequently witness among over-weight over-age ex-joggers in Central Park—New Yorkers, whatever else they possess, lack volume. Although trading volume picked up towards the end of the week, there was scarcely a share movement worth noting in the four days the exchange was open. The one exception was interest in gold and precious metal companies, in doubtful response to the fact that gold crashed through the \$500 barrier with no sign of a let-up.

The absence of the year-end rally, assuming that there is no spectacular leap at the beginning of next week, is held by some to indicate a downward trend for the stock market at least in the early part of 1980. But the fact that the year-end is proving neutral, others feel, indicates a neutral 1980.

Indeed, no one is really very sure about 1980, whose horizon is clouded with the most hideous uncertainties, ranging from continued troubles in the Moslem world to worries that the U.S. economy, at least in the view of pessimists, could be in for a chastening of major proportions.

Without offering backing to either optimistic or pessimistic camp, it is perhaps useful at least to summarise the pointers which each is looking for in 1980 to contribute to the unfolding of its own scenario. First the pessimists. They say that inflation will continue in

double digits throughout the year because of pressure from energy prices, declining productivity in the U.S. and a weak dollar. This will keep interest rates high. This group also tends to argue that the Federal Reserve's tighter monetary control is still insufficient to correct the bad

NEW YORK
IAN HARGREAVES

habits of many years and that tougher medicine will be administered.

The optimists believe that inflation will start to turn downwards by the middle of the year as the economy starts to emerge from what will have been a mild recession—sufficient to damp down interest rates slightly. Oil prices, they argue, will be restrained by oversupply of oil in world markets. On the dollar they are hoping for the best, and believe that barring a Middle East war or equivalent cataclysm that they will get it.

So, at the heart of the argument is inflation. If it is pushed back to 8 per cent, a sustained market rally is on. If it is kept beyond its current unannualised rate of 12 to 13 per cent then watch out.

There is not much doubt that on a headcount of professionals in the field the optimists would have it. Even the pessimists are prepared to admit that sooner or later common stocks must rise to reflect more nearly the assets and the earnings potential they represent. Optimists acknowledge that picking the winners in 1980 is going to be increasingly difficult.

"Virtually everyone is agreed that investors cannot expect in the foreseeable future to find themselves in a prolonged upward market of the kind which made ownership of a portfolio of reasonably sensibly chosen stocks a safe and modestly profitable investment in the 1960s.

Today the choices involve higher risk and a greater knowledge of the market, although this has not prevented a surge in investment activity (or gambling, as many investment brokers believe it is more

accurately described) in stock and commodity futures, a field which is certain to go on growing next year.

The fact is that the average investor in stocks, if such an individual exists, has taken a hiding in the last decade. Salomon Brothers recently recorded the fact that stocks have risen in price at a compound annual rate of only 3.1 per cent since 1968 while the consumer price index has jumped 6.5 per cent, gold by over 20 per cent and diamonds by 12 per cent.

So long term few are genuinely confident about the ability of stocks to build the stamina to keep them permanently ahead of inflation. This means that the name of the game in 1980 will be as it has been increasingly in the latter part of this year to pick stocks capable of outperforming a generally dull market. There are those who believe that the Dow Jones Industrial Average, representative of the solid core of blue chip stocks and in some respects the U.S. economy's pulse rate, will spur ahead in 1980, but there are not many.

When it comes to picking sectors, there is a remarkable degree of unanimity about the ideas being pushed out to herald the dawn of a new decade.

The popular choice sectors are aerospace and defence (strong performers since the Iranian crisis hotted up), energy, sophisticated engineering companies, health and pharmaceuticals, computers and (not quite so unanimously) leisure and entertainment offerings.

This list does rather compare up a picture of an America besieged on the energy front, flexing its military muscle and distracting the public attention with a solid diet of tranquillizers and roulette wheels. It is not a happy picture, but it won't prevent the thousands jumping to the disco music beneath the laser light show in Times Square on New Year's Eve from believing, at least for a few hours, that the case is otherwise.

CLOSING PRICES		
Day	Close	Change
Monday	839.16	-0.25
Tuesday	market closed	
Wednesday	838.14	-1.02
Thursday	840.1	+1.96

The four chairmen look ahead

BY MR. MURRAY HOFMEYR, LORD ERROLL OF HALE, SIR MARK TURNER AND MR. JOHN DU CANE.

AS THE New Year approaches and with it a new decade, once again we band over this column to the four chairmen of the leading UK-registered mining finance houses for their annual reviews of prospects for the world mining industry.

We begin with Charter Consolidated's Mr. Murray Hofmeyr who writes: "The prospect of recession which dominates the immediate economic outlook, and the fear that growth in the world economy will be at best restrained throughout the 1980s, should not overshadow other more positive developments which are likely to be of great significance to the world's mining industry during the coming decade and beyond."

In looking to the future there is certainly no reason to be gloomy about the outlook for the precious metals, the energy-based minerals or for several of what one may call the high technology metals.

difficult issue augurs well for the mineral resource host countries, the industrialised mineral-consuming world and the mining industry.

Lord Erroll of Hale, chairman of Consolidated Gold Fields says: "The last 12 months have seemed a long time in the gold market. In December, 1978, the price hovered little above \$200 per ounce and was generally

MINING
KENNETH MARSTON

considered vulnerable. It is now close to \$500, yet bearish sentiment is subdued. There seems to be a growing, if in some quarters reluctant, acceptance that the metal has an important role as a private investment vehicle and an official monetary asset.

viewed in the context of the present strength of individual commodities, particularly lead and tin. Despite weakening economies these two markets are expected to remain relatively good."

Sir Mark Turner, of Rio Tinto-Zinc comments: "With uncertainties in regard to oil prices, currency levels, Iran, etc., it is more difficult than ever to make a confident prediction about metal prices in the coming year."

On a purely statistical basis, and bearing in mind the probability of a recession in 1980, it is more than likely that in most metals, potential supply will exceed demand—put another way, there is no reason why the steady reduction in stockpiles which has taken place over the last two years should go any further."

However, with the general instability in currencies, reflected in the high prices for

only 12 months before the start of his exile the Shah was being congratulated by a Western Head of State for presiding over an oasis of stability in a troubled region. Some of our major sources of copper production have such types of government.

The fortunes of mining companies recovered in 1979 and already we are hearing talk of windfall profits and resources taxes. Profits are being made through the operation of capacity installed mainly before 1974 and only after several years of little or no profit.

It should be obvious that very substantial earnings are required in order to enable the financing of new projects and exploration without which the world will suffer from a shortage of metals. Those who do not believe this should reflect

Rendering less unto Caesar

ANTIPATHY to taxmen is nothing new, but one often wonders whether it is not overdue.

Tax-gathering, not innkeeping, was the occupation of the publicans who make their appearance from time to time in the Gospels, always bracketed firmly with sinners. They were hated because whenever they went out a decree from Caesar Augustus that all the world should be taxed or when one of his governors needed to raise revenue locally, each of those publicans invented his own tax legislation, his own assessment procedures, and his own machinery for enforcing payment.

"We have moved on. Our law making is separated from assessment, and assessment from collection. But we still believe that assessors and collectors should have work for every last penny—a curious belief, since it is at our own cost and inconvenience that this work must be achieved."

If we want to render less to Caesar, less for him to spend on collecting it, can we not shoulder ourselves more cheaply and efficiently some of the burdens that he must shed? These thoughts have been prompted by a recent change in the sharing of these burdens. It appears to be operating smoothly, but it may be significant that it is tax relief rather than tax collection for which the private sector has assumed responsibility in this instance.

Life insurance companies first saw in the Finance Act 1976 the proposals that they should become responsible for giving tax relief on premiums collected from policy holders. Those premiums were to be paid "net," and the Government was then to reimburse the companies for the short-fall in their premium receipts.

This new system came into operation from April 6, 1979, which meant that three years had been available for planning and effecting the necessary changes in the companies' procedures. So far there have been no reports of companies folding under the administrative burden.

In essence the policyholder pays 82½ per cent of the premium, retaining as his "tax relief" the balance of 17½ per cent. There are a number of cases for which some less straightforward method has had to be evolved—but when compared to the previous arrangement

it is simplicity itself. The administrative burden for the Revenue of those previous arrangements was something few people appreciated. A taxpayer's personal deducting and all other allowances operated at his marginal rate. Provided that the total is "coded" into his PAYE, the Revenue need make no later adjustment whether his earnings are high or low.

Life assurance relief on the other hand was calculated only by reference to the basic rate. It was only possible to "code" it correctly if one knew in advance what the taxpayer's income and marginal rate would be, and could thus work backwards to ensure that no restriction was necessary to the amount of relief, and to calculate the appropriate PAYE code.

Unsurprisingly the Revenue frequently found itself repaying tax inadvertently over-deducted, or collecting in the reverse position. Each of these is a burdensome and expensive process.

Payment of premiums net is only permitted for UK residents. The policing of this lies with the company, it is the party who will suffer if the Revenue decline or make good cases for which some less straightforward method has had to be evolved—but when compared to the previous arrangement

branches of overseas companies. Other foreign companies are outside the scheme. They collect premiums in full, and the Revenue have discontinued the relief which they used to grant to foreigners working here but still paying life insurance in their home countries.

A premium or premiums may also be directed to be paid gross where the Revenue think that a taxpayer may be paying more than the level on which relief can be granted. This restriction is that premiums may not exceed the higher of £1,500 per annum, or one-sixth of total income.

Wives who have their earnings taxed separately from those of their husbands do not thereby double the figure of £1,500. But either spouse can now obtain relief on a policy written on the other's life before 1979. It was only insurance of one's own life which qualified if one were separately taxed.

Finally mention must be made of the Revenue's double-think on children's policies on their own lives. A heavy restriction put onto these in a Revenue Practice Statement in February 1979 has been softened but not totally removed by a further statement in November. But tax effective investment for children needs a whole article to itself.

TAXATION
DAVID WAINMAN

collected from policy holders. Those premiums were to be paid "net," and the Government was then to reimburse the companies for the short-fall in their premium receipts.

This new system came into operation from April 6, 1979, which meant that three years had been available for planning and effecting the necessary changes in the companies' procedures. So far there have been no reports of companies folding under the administrative burden.

In essence the policyholder pays 82½ per cent of the premium, retaining as his "tax relief" the balance of 17½ per cent. There are a number of cases for which some less straightforward method has had to be evolved—but when compared to the previous arrangement



More generally, one of the most important factors for the long range future of the mining industry overall is concerned with the vital relationship between the industrialised and developing countries on the matter of mineral resources.

Throughout the 1970s, investment in new mining projects, particularly in the developing world, has been running at too low a level. At the same time there has been a trend towards concentration of minerals exploration, and thus mining development, in the developed parts of the world which have been seen by the mining companies as the areas of least political risk.

The background to these trends, and their implications and potential dangers for the future, is all too familiar to readers of these columns. So it is particularly encouraging that after many years of discussion and negotiation a framework has now been established through the second Lumé Convention, the trading and co-operation pact between the EEC and developing countries.

This should encourage and facilitate the financing of exploration and mining activities. Agreement on this very

It should be obvious from recent events in the Middle East that this role does not primarily arise from gold's quality as an inflation hedge—a quality in which it is prominent, but by no means unique.

As an international store of value in troubled times its attributes of portability, homogeneity and immunity from politically-inspired sanction, recommend it in preference to all other assets.

In the year ahead I expect that gold's strength will be underpinned by continuing diversification, both at official and private level, from other reserve assets.

The world's economic recession has arrived later than anticipated but the absolute priority which all major governments are giving to reducing the inflation rate must surely depress business activity and production in most of the industrialised countries.

At the same time the less industrialised countries of the world, which have become important consumers of raw materials, are showing signs of faltering.

One cannot, therefore, exude much optimism for some of the industrial metals and minerals. However, this outlook must be

gold and silver, a spill-over of hedge buying into other metals, in particular copper, would not be surprising.

If I had to make a forecast, I would expect to see copper prices of around £500 per tonne, based on the current U.S. dollar/sterling exchange rates, with speculative dealings causing, at times, fairly wide fluctuations around this figure.

Finally, we have Selection Trust's Mr. John Du Cane who writes: "I suppose as the 1970s end we should be pondering the lessons that this eventful decade has taught us and apply them to our planning for the 1980s."

Unfortunately the most obvious lesson is that forecasts of events, political and economic, have been hopelessly wrong—all predictions having been upset by totally unexpected events. Econometric models just do not cater for the activities of Ayatollahs or invasions of Shaba Province.

The sudden collapse of the Shah's regime in Iran should make us take a long hard look at the sources of supply for our industrial society. We must view with considerable doubt the apparent stability of any country under military or other forms of autocratic government.

on what has happened to copper in 1979 during a period of very modest economic growth: stocks are now at their lowest level for five years.

The growing shortage of skilled labour in Western industrial countries will cause major problems in mining and allied industries. It is a glaring anomaly in these days of high unemployment which can only be corrected by enhancing the status of technicians and changing the emphasis of education.

At the close of the 1970s we are witnessing a lack of confidence in currencies and attention has been focussed on precious metals, gold, silver and platinum group metals, alternative stores of wealth. Looking at the troubled world scene I would expect the attraction of gold to continue.

I remain optimistic that the mining industry will deal with all its problems at it is always has in the past but it would be helpful if governmental and other authorities were to take satisfaction in removing obstacles to development rather than erecting them. In this respect I am delighted that the UK Government has abolished exchange controls.

Covering up for the sunshine

INSURANCE
JOHN PHILIP

trine of utmost good faith should work both ways. I find it odd that in another operator's brochure the insurer is not even identified.

To be fair, these are notable exceptions to the general run. In most brochures the tour operators allocate a full page to detail the cover, exclusions and conditions of their chosen insurer's policy; and they make it clear where the insurance is placed, whether at Lord's, or more likely, with one of some half dozen companies who have the lion's share of the holiday package market.

All insurers provide cover against cancellation from the date of payment of premium than next summer, when it will be too late.

Insurers quite rightly insist that the insurance contract is different from all other contracts in that it is one of utmost good faith—that the proposer must tell insurers all material facts and so on. As I have always believed that this doc-

day once begun, against medical expenses, against loss of baggage and money, against accidental death or injury, and against legal liability claims. Superficially, therefore, the contracts are very similar—but a quick comparison of some two dozen brochures shows a wide variation in the financial limits fixed for each section of cover; moreover, it does not follow that because company A9 provides certain terms for one tour operator's customers, it will provide identical terms for other operators.

So there are plenty of points to watch, and it is better to find out the answers now, rather than next summer, when it will be too late.

Deposits of £1,000-£50,000 accepted for fixed terms of 3-10 years. Interest paid gross, half-yearly. Rates for deposits received not later than 4.1.80 are fixed for the terms shown:

Terms (years)	3	4	5	6	7	8	9	10
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YOUR SAVINGS AND INVESTMENTS

Robert Cottrell investigates how unit and investment trusts fared in the seventies

The not-so-vintage years

IT HAS been an undistinguished decade for unit and investment trusts. Hardly surprisingly, since the FT Actuaries All-Share Index (with net income reinvested) underperformed the Retail Price Index by a third. But among unit trusts, less than four in ten outperformed the all-share index among investment trusts only one in seven.

The trend has not been lost on investors. Investment trusts now manage assets worth about \$6.5bn, against a 1972 peak of almost \$8bn. The Association of Investment Trust Companies is now 40 short of its 1972 membership of 283 trust companies.

UNIT TRUSTS: TO DECEMBER 1 1979. Value of initial £100 investment, net income re-invested. ONE YEAR: BEST: 1 Britannia Minerals 199.9, 2 Britannia Gold and Gen. 190.7, 3 Britannia Universal Energy 170.5, 4 S&P Energy Industries 158.1, 5 Chieftain Basic Resources 151.7, 6 Key Energy Industries 151.1, 7 Henderson Oil and Natural Resources 149.8, 8 New Court Energy Resource 134.3, 9 Target Commodity 134.2, 10 Britannia Commodity Share 135.4.

Unit trusts are set this year for their lowest sales of the decade. Repurchases exceeded sales by £1.634m in November, the second month of net repurchases this year. Looking back on 1979, it has been a good year for investment in gold and oil stocks, and a bad one to plump for exposure to the Japanese stock market.

INVESTMENT TRUSTS: TO NOVEMBER 30 1979. Value of £100 investment, net income re-invested. ONE YEAR: BEST: 1 Viking Resources 189.9, 2 North British Canadian 153.0, 3 London Atlantic 142.7, 4 Oil and Associated 134.0, 5 Home 128.3, 6 Rothschild 119.0, 7 London Atlantic 116.6, 8 Safeguard Industrial 115.9, 9 Rothschild 115.5, 10 Moorgate 113.2.

FT A All-Share Index: to December 1 1979. Value of initial £100 investment, net income re-invested. ONE YEAR: £107.7, TEN YEARS: £302.2. Sources—Unit trusts end FT-A Index: Planned Savings. Investment trusts: Association of Investment Trust Companies.

THE EARLY months of the year are the time when conventional life companies announce their reversionary bonus rates—the only visible sign to investors of the investment performance of their company.

Building on success

Profits on cash-in before 10 years are subject to higher rate tax. These building society-linked plans are written for an investment period of 10 years. But the combined effect of the tax credit and building society interest offers investors the maximum yield if cashed in after four years.

ERIC SHORT

YIELD, NET OF BASIC RATE TAX, AVAILABLE TO INVESTORS. Man aged 30, Man aged 45, Man aged 55. Columns for 4 years, 10 years, 4 years, 10 years, 4 years, 10 years.

Treasure for life

A WITH-PROFITS endowment policy gives the investor a safe, steady above-average return for the outlay. But due to the ravages of inflation, the cheque handed over at maturity all too often does not fulfil expectations.

L and G, however, is not the first in this field. The Guardian Royal Exchange Assurance has marketed its Dynamic Savings plan successfully for a few years now.

Whither prices?

ONE THING the plethora of estate agents' end-of-season reviews reveals this time, is that not so many are changing their arm at making hard and fast predictions as to price rises next year.



The six-bedroom, two-bathroom Thorns Farmhouse, Sowley, near Beaulieu, on the edge of the New Forest, is in about 1.3 acres with a paddock and swimming pool. Offers in excess of £100,000 are being invited by G. R. Petherick, Strutt and Parker, 41, Millford Street, Salisbury, Wiltshire.

Sitting on a house

BY OUR LEGAL STAFF

FINANCE AND THE FAMILY

In 1976 my ex-fiance and I bought a house in our joint names. I paid the deposit and he paid the mortgage. He was abroad a lot in his job, and on my return from seeing him in 1978, I found the mortgage had been cancelled.

believe to be due to me. This they refuse to do. Further, I am concerned about danger to the public from a collapse of the wall. What course of action do you suggest?

Costs and a small estate

A cousin of mine died intestate leaving a very small estate, those entitled to it being the descendants of her grandfather. I know about those on my side of the family, except the address of a cousin in America, but the solicitors are now trying to find out about any descendants on the other side.

the administrator do? Who would be responsible for costs, if they exceeded the size of the estate? The solicitors are acting correctly in trying to trace the missing issue of the deceased's other grandfather.

Separate transactions

I am about to buy two small flats in a converted house, separated by a passage and stairway to the next floor, so that they could not be combined into one flat.

Joint house and bankruptcy. Last July I had the mortgage on our joint house transferred from my husband and me solely to myself and at the same time arranged a loan with my husband to pay him for the quarter share he had in the property.

Scots feudal tenure

I recently bought a house in Scotland and after completion of the sale the Land Superior's solicitors drafted a new feu Charter which included a new clause to the effect that the Land Superior, who was the previous owner, has an option to re-purchase the property as equal to the highest offer and must be given 21 days in which to decide whether or not he wishes to re-purchase.

RISE IN COST OF HOUSING

Sample prices of houses and flats in London over the last three years. Table with columns for VENUE, ACCOMMODATION, 1977, 1978, 1979. Includes venues like Kensington Heights WS, Durrells House WS, Broadwalk SW7, etc.

Repairs to a wall

A building company requests access to my garden to carry out remedial works to the retaining wall, which, after a period of two years from construction they admit is inadequate.

Joint house and bankruptcy

Last July I had the mortgage on our joint house transferred from my husband and me solely to myself and at the same time arranged a loan with my husband to pay him for the quarter share he had in the property.

NEW 1 YEAR HIGH INCOME BOND FROM CANTERBURY LIFE. 18% net equal to 25.7% gross. to basic rate tax payer. Strictly limited offer.

TRAVEL

Ludlow waits again

BY JULIAN CRITCHLEY

IT WILL be a poor New Year in Ludlow this year. What the town wanted was the present of its by-pass, talked of for 40 years, planned for 15 and under construction for 30 months; but it is not to be, Mr. Kenneth Clarke, the junior minister at the Ministry of Transport, was to have opened it this week only to be told at the last moment of yet another delay. It will not now be until February at the earliest that the juggernauts will swing eastwards away from the town and Ludlow left in peace.

Ludlow is a gem. I remember, as a child, Professor Joad asserting on the wireless that "Ludlow was the most beautiful small town in England," an opinion which endeared me to that cantankerous and wrong-headed old man. A small town of 7,000 people tucked up against the Welsh hills and saved from the Brummagem commuter by the barrier of the Cleve Hills, Ludlow is seedy, stately and very beautiful. For Housman and his Society, Ludlow was the capital of his "land of lost content," the town his Shropshire lads were either striding to on a May morning or staggering away from, a task that today's traffic would make hazardous indeed.

The A49 North to West route runs through the middle of Ludlow. Giant lorries, cars and caravans cluster to take their turn to cross the 14th century Ludford Bridge, strid up Old Street to the Bull Ring at the top of the town where the four-way crossroads is so narrow that one small corner shop has a carpenter on duty call to repair the damage, plucked down Corve Street, past the Feathers Hotel and out into Shropshire. The trunk route cuts through the heart of the medieval core of Ludlow, the whole of which is a conservation area, shaking the foundations of its buildings, Tudor, Jacobean and Georgian. Keeping the tourists from their sleep, and putting the lives of Ludlovians at risk, in Ludlow the motor-car is seen at its worst.

While motorists had been whetted before Hitler's war, it was not until 1980 that the



Ludlow: passing time.

County Council made the money available for a by-pass. The route was to have run to the West, cutting along the banks of the River Teme and up over Whitecliff, a wooded hill overhanging the town.

This would-be act of desecration had the support of the County, District and Local Councils, but at a public enquiry in 1973 the Inspector ruled in favour of an Eastern route away from the town. The Secretary of State, Peter Walker, backed him, and the town was saved. But the enquiry has only been one cause of continual delay. Put into every programme and taken out, the road was eventually due to begin in January, 1977 only to be postponed for another six months by the Labour Government's spending cuts. The town's MP, Sir Jasper More, led a delegation to London, and work started in July, 1977 on a two-year contract.

The contract for the road, which is five miles long, was given to Mears at a cost of £4.3m. In February this year Mears hit financial problems and work on the road continued under the liquidator. The line of the road has been bedevilled

by springs, tarmac once laid has had to be taken up and replaced, and work in general seems to have proceeded with all the dignity, delay and ritual courtesies characteristic of stage warfare in the 17th century. In the meantime tempers have risen and the "ack" of Ludlow at the hands of long-distance lorry-drivers goes on.

What effect will the by-pass have on Ludlow? The editor of the *Advertiser* thinks there will be "relief followed by disappointment," but Dr. Martin Speight, a schoolmaster who is chairman of the Civic Society and sits on the town's planning committee, says it will be "nothing but good."

In the last few years Ludlow has been changing away from the bustling market town packed with farmers and their wives to Doris Archer has towards something more genteel and aspic-covered. A quarter of the town's inhabitants are of retiring age (Ludlow has more retired, more young children and more unemployed than the average), and the local firms of builders are busy renovating and refurbishing Georgian town houses and medieval cottages. Property values, already the

highest in Shropshire, should soar, particularly in Corve Street, and the number of antique shops and building society offices will grow. George Kallet, the chief executive of the South Shropshire district, stresses the need to keep the town prosperous—more than just a museum. To this end light industry is to be encouraged to take up land between the by-pass and the town. "We need to get rid of all the yellow lines," which is good news, and as a further move to help the flow of traffic the inner ring road is to be completed.

In Ludlow there is only one ugly building, a Victorian market hall built of midland-red brick which resembles a large public lavatory. It will cost more than £30,000 to repair. Why not tear it down and replace it with a replica of its predecessor? Whatever happens, the example of Shrewsbury, where one monstrosity was replaced by a worse one, must be avoided.

For years Ludlow has been a well-kept secret, but the festival, and publicity such as a recent film on television and even the by-pass itself will make its beauty more widely known.

COOKERY

Saga of a sucking pig

BY JULIE HAMILTON

AM I the only one who hates to celebrate New Year's Eve? I hate anything which so dramatically marks the passing of time.

I must have tried almost every possible way of seeing in the New Year—the Arts Ball, the big party, the little party, walking round town, Trafalgar Square, a table for two, or six, or eight, or 10 at a favourite restaurant... all hell for me until a few years ago, when I decided to have a rather extravagant dinner party at home, for which I would cook something special and more difficult than usual. I ended up being so worried about the cooking that I forgot to worry about New Year's Eve and thoroughly enjoyed myself.

We do the same each year now. This poses a big problem. Since we invite mostly the same people, and each year's menu has to be better than the last, there are sleepless nights until the meal is planned. One year I chose to cook a sucking pig. I had read a recipe which told me to buy a piglet three weeks old, weighing approximately 10 lbs. off to the butcher, and then to every other butcher in the neighbourhood. No madam, piglets are not killed until at least five weeks old when they weigh over 15 lbs and will cost you about £26. Too expensive and too big. It so happened that I was lunching a few days later at the Cay Hussar in Greek Street. Sober, I put my problem to my friend Victor Sasse, the owner; he serves sucking pig and I was sure he was not paying £26 at that time. "Leave it to me," was all he said.

A week later my husband was lunching there and, as he was paying the bill, Victor asked him to wait a minute, disappeared and came back, grinning wickedly, with a shallow box about 30 inches long and 24 inches wide. In it lay a nude piglet. "Fresh today," said Victor, "settle with me later," and vanished, leaving Mike holding the baby.

When he came home that night my husband downed his first whisky at twice his normal pace. It was not just the expected ribaldry which greeted him on his return to the office after lunch, nor the odd looks he was given on the train home as he struggled to hold

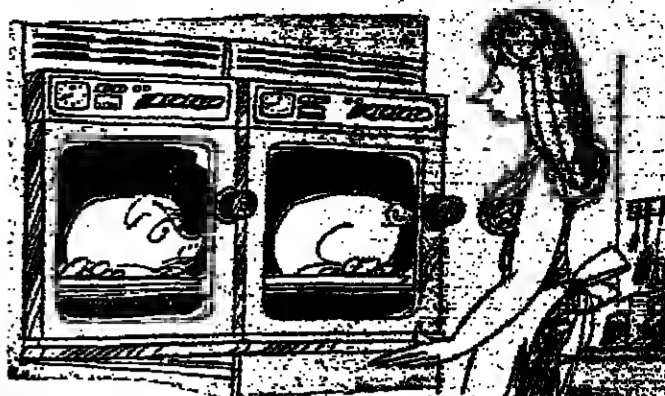
his package up to the luggage rack; it was being accosted by a lady passenger who turned out to be a sort of one-woman Society for the Protection of Piglets that made him so thirsty.

Picture the scene: on my kitchen table lies the piglet which is about eight inches too long for my oven. Do we cut off the head? No, that would spoil the effect. Fortunately I have two ovens. We cut in half and it collapses. If I cook it like that I cannot join it together again for serving. Panic, I have ruined it. No, I have an idea. Wire coat hangers bent to the right shape and inserted in the cavities produce a rounded plump piglet in two halves.

Now to cook it: 10 ozs of rum mixed with 10 ozs of olive oil. Rub all over with some of this mixture, then with two tablespoons of salt. Wrap the ears and tail in tin foil and plug the mouth with a suitable piece of wood, which will be replaced by a rosy apple when serving. Cook for 25 minutes to the pound, basting every 15 minutes, in two ovens preheated to gas mark 3 (325F). My bathroom scales record 18 lbs of piglet which means a cooking time of more than seven hours.

My instinct tells me that is too long. And 20 ozs of basting mixture will not be enough (I cannot increase it because I have no more rum). So I cook it for five hours. Two ovens, two people, the pinger going every 15 minutes at basting time. Who has the first bath? Do not forget to baste. Get off the phone, baste. Bath the kids, baste. Wash your hair, baste. Lay the table, baste. Did you remember to baste? No, it was your turn. No, yours. Oh, do get on...

In the end the sucking pig, dark golden brown all over, was my greatest success. I served it on an outside garden tray which was lined with tin foil. When I removed the coat hangers the piglet joined together as if it had never been cut. It was a fantastic sight and tasted like nothing else I have ever had the agony to cook. Red cabbage, sautéed potatoes, green salad... and I forgot it was New Year's Eve. It is easier to find sucking pig in the shops now; should you be tempted to cook one,



it will probably cost you £30 or more. Smaller ones do not come any cheaper because piglets are generally sold by the pound. If you have been overtaken by Christmas and not paid enough attention to the fact that you have invited two couples for New Year's Eve, may I suggest a main course that is fairly spectacular to serve but quite simple to cook. It can be prepared the day or the morning before the dinner, but it is necessary to know if your guests like their beef well done or rare because this dish is very rare. This version of Filet de Boeuf en Croûte does not include the peté as I find it detracts from the supreme flavour of the beef.

FILET DE BOEUF EN CROÛTE

serves 6 to 8
3 lbs filet steak whole; 3 ozs butter; 3 tablespoons brandy; 1 lb puff pastry; 1 egg yolk; lots of black pepper.
Trim all the fat from the filet. Rub it with salt and lots of freshly ground black pepper. Melt the butter in a large frying pan; when very hot seal all sides, and ends of the filet in for about three minutes. Then flame with the brandy for a couple of seconds, remove from heat; and blow out the flames

brandy so that not all the liquids evaporates. Allow to cool in the pan.
Roll out the puff pastry in about a quarter of an inch thick and large enough to wrap the meat in it. Leave a little pastry on one side for decorations. Place the now cooled meat in the centre of the pastry, scrape all the juices from the pan onto the top of the meat and fold the pastry over to make a neat oblong parcel, sealing it very well at the ends and top. Now roll out the remaining pastry as thinly as possible and with a patterned knife, draw and cut out your chosen decorations.
Even writing something as simple as Happy New Year is fun. If you have children who have large stencils or small plastic alphabet letters, it is easy to cut around them to form the letters you need.
Beat the egg yolk with a little water and brush it all over the pastry to form a glaze. At this stage you can either cook it or put it in the fridge for up to 24 hours. To cook, heat the oven to gas mark 6 (500F) and bake for about 30 minutes. A green salad is best served with this dish, and perhaps sauté potatoes. I do not suggest a sauce because, when cooked this way, the meat is so moist and the flavour superb.
Bon appetit and a Happy New Year to you.

SNOW REPORTS

Table with columns for location, snow depth in cms, and a brief description of the snow conditions. Locations include St. Anton (Austria), Seefeld (Austria), La Plagne (France), Isola (France), Sarre Ghivr (France), Davos (Switzerland), Wengen (Switzerland), Grindelwald (Switzerland), Murren (Switzerland), THE U.S., Sugarbush (Vt), Stone (N.Y.), Aspen (Col), Park City (Utah), Squaw Valley (Calif).

RESIDENTIAL PROPERTY

Advertisement for 'Your own luxury home on the French Riviera from £1500!'. Includes details about the property, location, and contact information for Continental Time Ownership Limited.

Advertisement for 'REAL ESTATE ON THE COTE D'AZUR'. Lists various properties for sale with prices and features.

Advertisement for 'AMERICAN EXECUTIVES' seeking luxury furnished flats or houses up to £500 per week. Contact: Phillips Kay & Lewis.

MOTOR CARS

Advertisement for 'BRITISH MOTORS WRIGHT BROTHERS' featuring Monte-Carlo cars. Direct factory dealer for Rolls-Royce and Bentley.

Advertisement for 'VOLVO' cars, highlighting safety and reliability. Contact: 01-370 3152.

Advertisement for 'WADHAM STRINGER' as official distributors for Rolls-Royce and Bentley.

Advertisement for 'CHEYNE MOTORS LTD.' offering car services and repairs.

Advertisement for 'CONTRACT HIRE and LEASING' services, including 50 years experience in motor trade.

Advertisement for 'PERSONAL' services, including car hire and leasing options.

TRAVEL

Advertisement for 'SKI IN STYLE' featuring ski holidays in Italy, Austria, and France. Includes details about packages and prices.

Advertisement for 'SWISS CITY FLIGHTS' offering flights between Geneva, Basel, Bern, and Zurich.

Advertisement for 'Poyers - An Elizabethan Retreat' featuring a historic inn with a restaurant and bar.

Advertisement for 'HOTELS' listing various accommodation options.

SALEROOMS

Advertisement for 'SCHNEIDER AUCTIONS - ESSEN' featuring a 33rd International Stamp Auction.

Advertisement for 'Private Hampstead Houses' offering antique and furniture clearance services.

Advertisement for 'COMPANY NOTICE' regarding agricultural securities and debenture stock.

Changing world ahead

MOTORING

STUART MARSHALL

AS THE Seventies become the Eighties, what do the motorists look forward to? The one certain prediction is: more expense. How much more, no-one can possibly tell but if the next ten years turn out to be as inflationary as the last ten, the outlook is grim. Just take a look at the cost of buying a car. In 1969 a Mini 850 cost £396. Today, the Mini City, which differs only in detail, costs £2,404. That is an increase of 400 per cent which, as new car prices go, is fairly modest. The Ford Cortina 1300, then £830 and now £3,505, is 420 per cent dearer. A Jaguar XJ6 4.2 litre which cost £2,404 this time ten years ago is now £78 per cent more expensive at £14,609. That makes a Rolls-Royce Silver Shadow a relative bargain today. It has gone up by only 460 per cent, from £7,850 to £36,652.

If inflation goes on during the 80s at the same rate as it did in the 70s, a 1990 Mini will cost £10,000, a Cortina 1300 will be £14,721, a 4.2 litre Jaguar, £24,000 and a Rolls-Royce Silver Shadow, £286,000. Impossible? Ridiculous? Don't bank on it. Think what you would have said on New Year's Day 1970 if someone had seriously forecast that a Mini would cost £2,400 in ten years time.

The cars themselves will, of course, change considerably during the 80s. The few remaining "gas guzzlers" in Europe will follow the hehemoths of Detroit to early oblivion. By the end of the decade a two-litre car will be considered to have quite a large engine. Unquestionably, cars will become lighter, too. Plastics, though mainly oil derived, will be used more and more for exterior components like bonnets, boot lids, mudwings and bumpers, but the steel shell of the car will remain for crash protection as well as economic reasons. Car bodies will not become smaller for the obvious reason that the human frame cannot be shrunk. The cheap (or perhaps I should say least expensive) family car of the 30s won't be a sub-Mini. It is much more likely to resemble the new Fiat Panda, due for official announcement by early spring. Despite its small engines—both under one-litre capacity—it is a proper four-five seat family



AS THE Seventies become the Eighties, what do the motorists look forward to? The one certain prediction is: more expense.

hatchback with a lot of luggage space. Our cars will continue to run mainly on oil products throughout the 80s. Petrol engines will become much more economical due to improved design, especially of cylinder heads, and the use of micro-processors to control fuel/air mixtures, ignition settings and perhaps select the right gear. The use of diesel engines will spread. Other than BMW, Saab and Lancia, British Leyland is now the only European volume car maker not offering a diesel engine model. Hopefully, this will be put right in 1980. Diesel is the best of the alternative fuels for passenger car use. Alcohol, mixed with low octane petrol to produce "gasohol", is unlikely to become important in Britain simply because we do not have the land, labour and climate to produce crops to turn into alcohol.

Liquid petroleum gas will gain popularity as a motor fuel but is more attractive to fleet operators, who buy it in bulk, than to retail motorists. Converting a car to run on LPG is quite costly—about £200—and involves loss of boot space. There are fewer miles per gallon of LPG than of petrol and the price in miles-per-penny is closer to that of petrol than many people think.

Until something better than the lead/acid accumulator comes along, the battery-electric car will remain what it has been for a generation—a great novelty. A 10-gallon tankful of petrol contains as much energy as two tons of lead/acid batteries. The battery vehicle might come into limited use in the 80s as an urban runabout. For this, its performance is quite adequate but while production is in hand, not in tens of thousands, the price must always be unrealistically high. Some special incentive is needed to popularise the battery car. Perhaps it might extend to remission of special car tax and VAT, or even allowing drivers to park them on single yellow lines without getting tickets. The car has become much less

offensive environmentally in the 70s and exhaust emissions will become purer still in the 80s. A sensible balance will have to be struck, though, between the need to reduce emissions and to save fuel. Already, the U.S. car engine, loaded down with equipment to clean up its exhaust, uses far more petrol than it needs. There will be changes in tyre design in the next ten years. At first, tyres will get wider and lower for performance (road-holding, steering response and traction) reasons. In a few years the trend may go the other way as reduced rolling resistance—and hence fuel saving—becomes more important. The spare tyre will gradually be discarded, first on cars used mainly for short trips but later on those driven for long distances. The modern car has become remarkably safe to have a crash in. Future developments will improve their resistance to side-ways impacts and make them less likely to injure pedestrians. Self-wrapping seat belts, like those already fitted to the VW Golf sold in America, will become popular. It would be nice to forecast that motoring might once again become a more pleasurable activity in the 80s. Sadly, I think the reverse will happen. But at least we should be able to retain the right to personal, independent mobility—at a price.

Advertisement for 'SWISS FABRIC SALE' featuring fine dress fabrics. Contact: 01-925 5876.

Advertisement for 'FREE CATALOGUE & DISCOUNT PRICE LIST OF TYPEWRITERS, CALCULATORS, COPIERS, DICTATING MACHINES etc.' Contact: Bennett Typewriters Ltd.

Advertisement for '266 Ce 1000 Graper' wine, featuring Beaujolais 79, Nouveau 80, and other wine varieties.

مكتبة الأهل

HOW TO SPEND IT

by Lucia van der Post

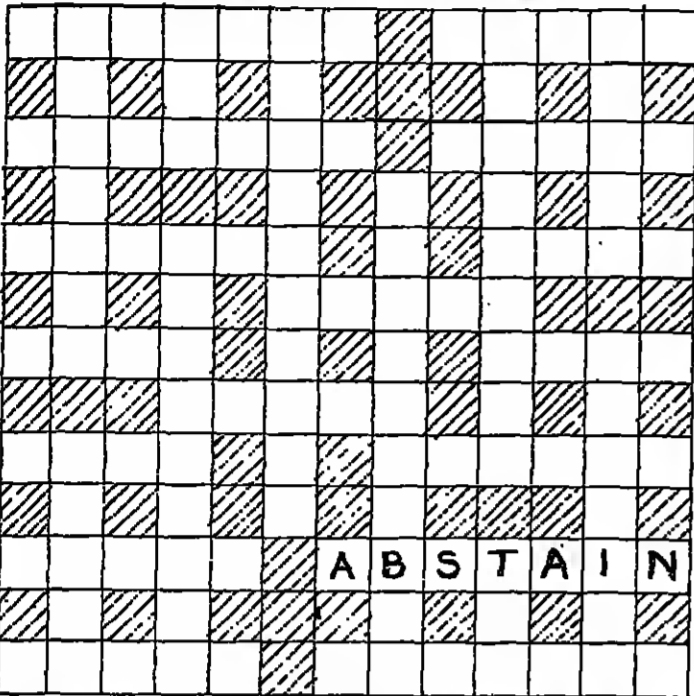
New Year Champagne Quiz

THIS WEEK is the time for our new traditional holiday-time quiz. I have once again asked Quiz Digest, the monthly magazine for quiz and puzzle addicts, to compile it for us. I asked them to make it as varied as possible with some questions for the more numerate among our readers, others for those of a more literary bent and yet others for those who quietly fancy themselves as logicians. So there ought to be something here for everybody and

if the whole family pools their various talents it ought not to be too difficult to answer most of the questions. Fill your answers in in the spaces allowed on the page itself—old-hands will realise at once that this means that it is best to start working on a photo-copy or on pieces of rough paper. Do print words clearly and use a coloured pen or biro. As usual we are offering three prizes—a magnum of champagne each to the

first three correct or nearly correct entries opened in this office on Monday, January 14th. Answers and results will be published on the How To Spend It page of Saturday, January 19th. Mark your envelope "Quiz" and send it to: How To Spend It Page, Financial Times, Bracken House, 10 Cannon Street, London EC4. I hope you enjoy doing the quiz and wish you all a happy New Year.

ALPHABETICAL CROSSWORD



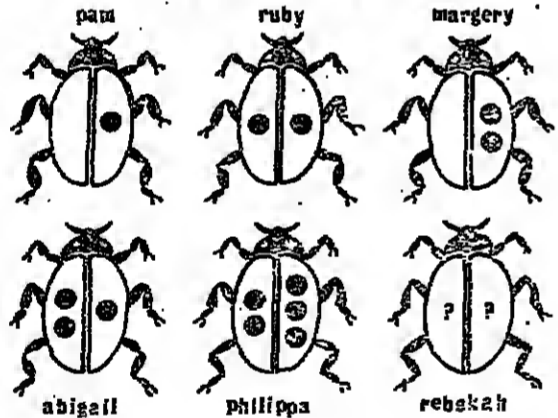
The answer in clue A begins with the letter A, the answer in B with the letter B, and so on. When all the clues are solved, fit the answers into their correct position in the diagram. One answer has been inserted to start you off.

CLUES

- A Seaman leads tipsy saint in refrain (7)
B Courageous Red Indian warrior? (5)
C Walk heavily round a cluster of trees, perhaps (5)
D Uncovered and divided up odd slices (9)
E Run off with an oriental pole breaker (5)
F Country rodent fled wrongly with a timid person (10)
G Shown the way by a uniformed girl? (6)
H Impede the rear, apparently (6)
I Top of pinky is knocked off and becomes very black! (4)
J Engage in combat over just about nothing (5)
K Staying in east Peking, strangely enough (7)
L Be prone to make false statements (3)
M Take away sum in unusual way? (5)
N Cancel out in fully reorganised manner (7)
O Leaves out moist metamorphosis (5)
P Sign of an adder? (4)
Q Way to subdue a queen, it turns out (7)
R Forgiveness of sins—concerning a religious body (9)
S Only a fish (4)
T Just the chap to spread the hay? (3)
U Remarkable United Nations general (7)
V Essential statistics for women? (5)
W Small Scots dynamo head is lanky and feeble (5)
X Fear of strange things resulting from a broken box 1 heap on (10)
Y Three-foot measurements used to change day gear (7)
Z Gaze aloft, concealing intense enthusiasm (4)

SPOT ON

What are the markings on the last ladybird?



REBUS

(7,2,6)



CURRENT AFFAIRS

1 Where did Skylab fall to earth?



2 Where was Grace Fields buried?



4 Who was given what at Fawcett in August?



5 Who was awarded the Nobel Peace Prize for her work in Calcutta?

6 Name one of the three world records broken by Sebastian Coe.

7 Which British author was buried at sea?



8 What is the name of the man who alleged that he had been hired to murder Norman Scott?



19 1980 will have something in common with 1944 which 1985 and 1979 did not have. What is it?



9 What is the name of the Chinese chairman who visited Britain from October 28 to November 3?

10 What was the name of the British freighter which rescued 982 Vietnamese boat people in the South China Sea in May this year?

11 Which 1979 Wimbledon finalist married which 1978 Davis Cup finalist?

12 Which United Nations ambassador's indiscretion caused his resignation?

13 Which former Labour cabinet minister lost her seat in the General Election?

14 Who was made Warden of the Cinque Ports?

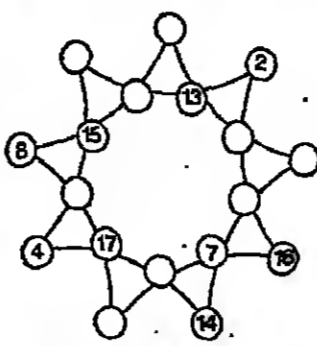
15 Whose travels took him to Poland, Ireland, Mexico, and the United States?

16 Which cinematic "bitch" followed the "stud"?

17 Which newscaster's engagement to which television reporter was broken off?

18 Where are the 1980 Olympic Games to be held?

MAGIC STAR



Using the numbers one to 18, complete the star so that the total of the numbers along each curve equals 38.

TRICKY QUICKIES

- 1. John is five years older than Peter. In four years time John will be three times as old as Peter was last year. What are their present ages?
2. George is going away for the weekend and wants to take three shirts with him. There are five shirts in his wardrobe from which he can choose. How many possible different selections could he make?
3. In a leap year, if New Year's Day falls on a Wednesday, on which day of the week does May-day fall?

REBUS

(5, 3, 2, 1, 4)



LOGIC TEST

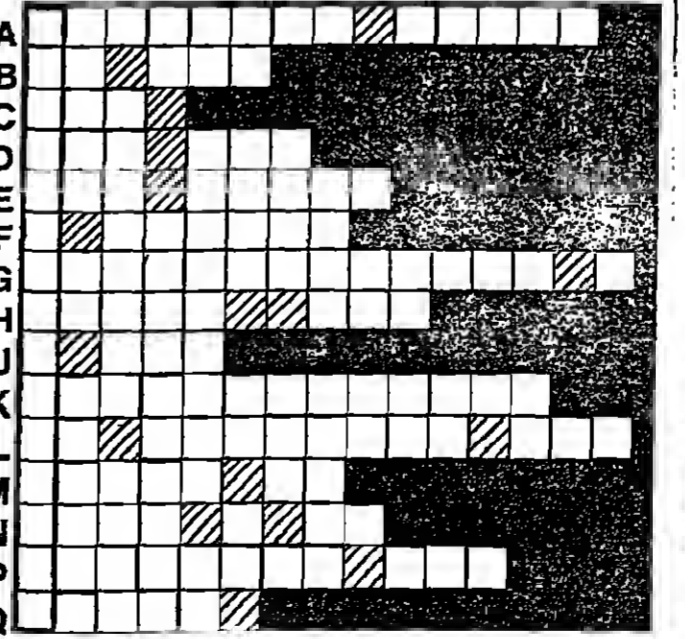
Five performers are appearing in an amateur variety show at the Village Hall. From the information given below, can you identify them, say what their respective acts are, and in which order they appear during the first half of the show? Use the grid below to help you solve the problem. Record all positive information with a tick and all negative information with a cross.

- CLUES
1 The turns which open and close the first half of the show are both men.
2 Johnny Gould comes on immediately after the comedian.
3 Gloria appears later in the programme than both Innes and the pianist.
4 The lady called Harper performs immediately before the dancer.
5 The male juggler is second on the programme.
6 Tommy, who is the singer, does not open the show, and his name is not Johnson.

Logic test grid with columns for FOWLER, GOULD, HARPER, INNES, JOHNSON, COMEDIAN, DANCER, JUGGLER, PIANIST, SINGER and rows for ARTHUR, BELLA, GLORIA, JOHNNY, TOMMY, 1st, 2nd, 3rd, 4th, 5th.

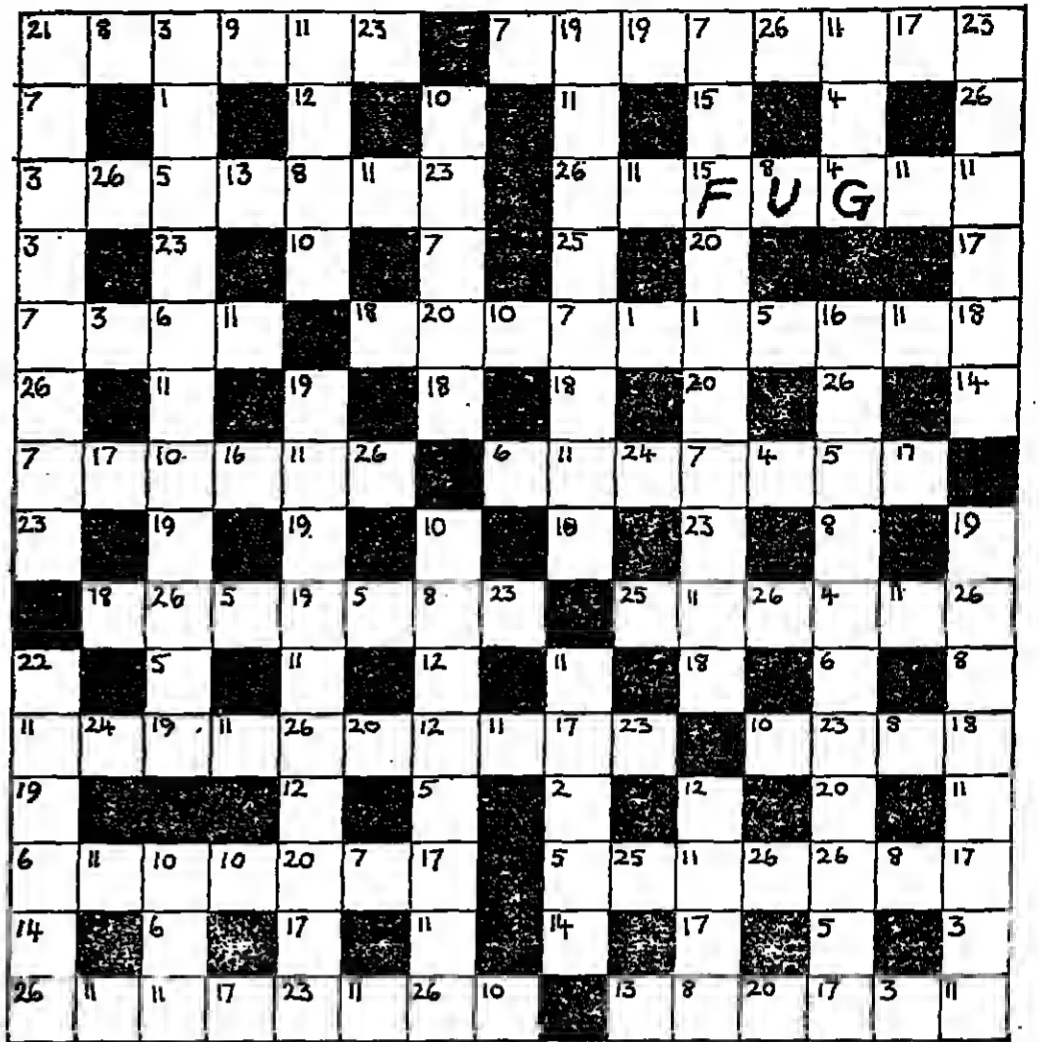
LITERARY TYPES

The answer to the DOWN clue in this puzzle fits into the first column, thus giving the starting letters of all the answers ACROSS. If you answer the clues correctly, the shaded squares, when taken in order, will spell out the title of a well-known play and film.



- DOWN
Famous novel by H. G. Wells on which several films and a television series were based (3, 9, 3)
in the polar wastes (3, 7, 5)
French artistic and literary movement that aimed to express the subconscious and to transcend reality (10)
Homer's epic poem set in the Trojan War (5)
Writer and illustrator whose works include The Tale of Peter Rabbit (7, 6)
Creator of "the Saint," (the Robin Hood of crime) (6, 9)
Babar in the children's books by Jean de Brunhoff (8)
Valuable gem in a famous novel by Wilkie Collins (9)
Lengthy novel about a tragic, adulterous love by Leo Tolstoy (4, 8)
Nymphs of rivers, lakes and fountains (5)
ACROSS
Dramatised version of The Wind in the Willows (4, 2, 4, 4)
Plain, practical sermon (6)
Jane Austen's clever, self-satisfied heroine (4)
Famous novel by Sir Walter Scott set in the period following the Norman Conquest (7)
Home of Captain Marryat's children? (3, 6)
French philosopher and author whose works include Candide (8)
Alistair MacLean's novel set

CROSS REFERENCE



Reference Grid

Reference grid with letters G, U, F in specific positions.

Discover which letter of the alphabet each number in the diagram represents. We tell you that 4, 8 and 15 represent G, U and F respectively, so repeat these letters wherever 4, 8 and 15 occur in the diagram. This should give enough clues to the identity of sufficient other letters to enable you to start guessing at likely words. The finished diagram will resemble a normal crossword solution.

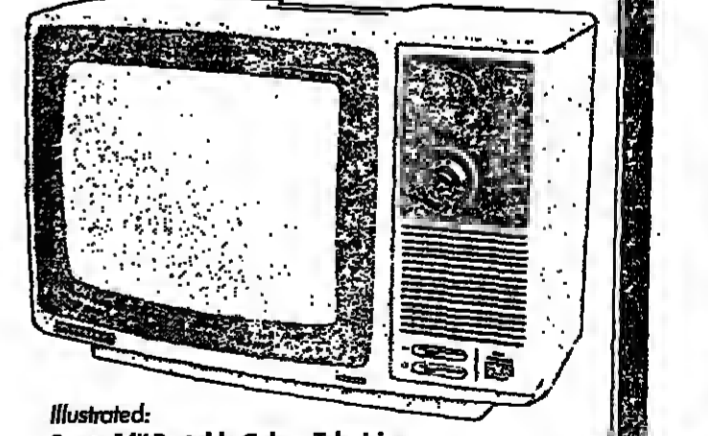
ANAREBUS

To crack the code, simply write down the names of the things pictured here, working from left to right, and number the letters from 1 to 24. Then rearrange the letters to the Anarebus code given to reveal three gifted travellers.



Harrods SOLE advertisement with large 'S' and 'O' letters.

Great Reductions on Colour Televisions



Illustrated: Sanyo 14" Portable Colour Television. Completely new model with rotary tuning and slide controls for volume and colour. White cabinet. Harrods Original Price £279 Sale Price £199 Interest-free Credit £45 deposit and 11 monthly payments of £14 each.

Harrods logo and address: Knightsbridge, London SW1X 7XL.

K-WEST FUR Sale advertisement featuring a woman in a fur coat.

Le Feu de Bois advertisement for wood-burning heaters.

HEAL'S SALE advertisement for clothing and fabrics.

THE ARTS

Always with us

At the end of another year's radio-listening it behoves the critic to attempt some kind of summing-up: this is peculiarly difficult with so continuous, heterogeneous material as the radio output. We have now reached a situation where some form of radio is being broadcast for twenty-four hours a day every day of the year and even with the aid of that blessed invention, the time-switch operated cassette-recorder, it is simply impossible to keep up with more than a tenth of it. How then does one choose what to review? My method is purely

RADIO

ANTHONY CURTIS

subjective. I scan Radio Times each week, and the IBA schedules, ticking off anything that fires my enthusiasm. My deadline is Friday morning which means that anything broadcast on a Friday evening tends to get rather short shift. I have a bias towards drama, dramatised features and documentaries, poetry: what used to be called the spoken word. I enjoy talks but find them difficult to review. I listen fairly regularly to programmes like "The Week and Any Questions?" in a kind of love-hate, but do not see any point in writing about them more than once in a blue moon. The music output which I suppose accounts for at least half of the time I leave entirely to my expert colleagues.

I also have a bias towards archive programmes—radio as the resurrector of what was once all the rage rather than prophet of the shape of things to come. I am fascinated to hear again, often on Radio 2, the comedians and popular musicians from the days when radio had undisputed hegemony over home entertainment. I adore programmes like "Alistair Cooke's illustrated histories of swing and boogie-woogie. I wish he could be given a permanent weekly slot in which to play and comment on old records. I am semi-addicted to Peter Clayton's jazz programmes. On the other hand, I find my thirst for quizzes and panel-shows very easily slaked.

Undoubtedly radio has regained some of the hegemony it appeared to lose to television ten years ago. There are times when one either does not want, or it is not feasible, to watch television; breakfast, for example, or when you are driving along in a car. At these

times radio comes strongly back into its own. Programmes designed to fill these hours have to be lively, and unimposing in the sense that they do not monopolise all your faculties to the way that television does. Last week I mentioned "Tuesday Coll"; that is a good example of a high-grade, undemanding programme; so is "Checkpoint" with the intrepid Roger Cook which has shown how radio can become a powerful weapon in the war against the con man.

Such programmes are timed to come on before the mass TV screen in the evening to the audience for a play, a dramatised adaptation or an arts feature that is often more intelligent, more entertaining and better acted than its counterpart on television but heard only by a minority. This problem is one with which the handful of highly talented people who have devoted their lives to creative radio, genuinely preferring to work in that area rather than in television, have to face. At present they have a managing director, Aubrey Singer, who has come to radio from television, and has his own views about how to recover the audience. One of his notions is to make a splash with an ambitious stereo drama presentation to be repeated several times and to call it Hi-Fi Theatre. "We have tried to restore a sense of occasion to the evening," said Mr. Singer earlier in the year. Hi-Fi Theatre began in March with Paul Scofield in an adaptation of "Under the Volcano" and from these mountainous heights it has descended to musicals made out of minor Rattigan and Priestley revivals. No more sense of occasion has in the event attached to these productions than to any other, and the future of this experiment must be in doubt.

Another approach has been to penetrate unsocial times when the TV audience may be wooed back to radio such as the late evening, and to extend radio to the small hours when the lack of visual content to the entertainment is a gratefully accepted limitation. Hence the "Just Before Midnight" series of quarter-hour plays. But again the hoped-for audience has not materialised and, though the slot has proved a useful exercise for new writers, the standard has not been particularly high. Here, as in many other areas of creative radio, the 1980s are likely to see many reappraisals.



Aubrey Woods, Joe Melia and Christina McKenna

Aladdin BY B. A. YOUNG

"Instead of a pantomime," says Sandy Wilson in the programme, "this Aladdin would be a musical comedy—for children, of course." A musical comedy is not quite the same as a musical; Mr. Wilson's style harks back to the '30s, with little bits of formal dialogue separating thirtyish songs that illustrate the story rather than advance it. The story (Martin McEvoy) is given a comic song too—"Green is beautiful"—but as he hasn't been built up as a comic figure, and as the song comes at an awkward point where we are all longing for the first act to end its ninety minutes, it goes for nothing.

I suppose the girl sitting on the front of the stage on the OP side and making comments in a Japanese accent is meant for comedy too, but I hadn't the faintest idea what she was there for, unless it was a desperate scheme for extra propitium.

Having added dialogue, the next thing should be to abstract music. For instance, Abanazar's opening recitatives hardly grab the attention, and his dance with the spirits, like Stephenso's choreography, does little to raise the spirits. Later, it was nice to see Elizabeth Welch again, as Fatima, the wise woman; but although she is authentic Arabian Nights material, she is a dispensable

character who gives Miss Welch nothing memorable to do. Aubrey Woods plays Abanazar well. The evening's best performance is by Ernest Clark as the Emperor; and with such sectors in supporting parts, the rather light-weight playing of Aladdin, by Richard Freeman, and Badr-al-Badr, by Christine McKenna, is emphasised. Mr. Freeman and Miss McKenna get the best songs, romances called "There and then" and "Dream about me," which come too close together in Act One. But there are such strong voices elsewhere: I especially liked Michael Sadler as the Herald, that their more reedy organs do not lift them into the forefront of our sympathies where they should be. Still, at least David Giles, the director, has refrained from putting microphones all over the place.

This must have been a struggle for him, for it's clear that he, or someone, wanted to turn the show back into a pantomime. A claque somewhere started off some half-hearted hissing and booing at Abanazar. They yelled "look behind you!" at suitable moments. There was even an exchange of "Oh yes, you are" and "Oh no, I'm not!" to get the audience shouting. Nothing more with this really; but you can see how hard it must have been for Mr. Giles to ensure that it was "a musical comedy — for children, of course."

Letter from Paris

Vive Offenbach!

BY RONALD CRICHTON

With the Christmas holiday doubtless in mind, Paris blithely jumped the gun for the Offenbach centenary. The blithest of adopted Parisians died in October 1880, four months before the *Tales of Hoffmann* reached the boards of the Opéra-Comique. The celebrations include a revival of the five-year-old Chéreau production of *Hoffmann* at the Opéra and, at the Salle Favart (Opéra-Comique), a new triple bill of one-acters under the general title *Vive Offenbach*, the whole entertainment produced by Robert Dhéry, designed by Bernard Dayé, conducted by Manuel Rosenthal.

The one-acters are played in reverse chronological order. *Pomme d'api*, a post-war work of 1873, comes from the time when Offenbach's musical invention still flowered copiously but his best subject—the follies of the Second Empire—had been washed away by history. *Pomme d'api* is a gentle domestic incident about a pasquale-like bachelor who chooses his servants for their looks and changes them often. He engages a ravishing creature who turns out to be the estranged mistress of his nephew. After a show of indignation he relents and gives permission (plus dowry) for marriage. The score announces the silver age of Messager and Hahn. The seven numbers include a kitchen trio and a song for the loveliest nephew which by means of an unexpected interval or two skirts sentimentality with catlike finesse.

Monsieur Chouffouri (1861), was recently given by Welsh National Opera in an English version by Michael Geliot. It is an absentee, Michel Sénéchal, who is busy at the Opéra in *Hoffmann*. The invaluable baritone Jean-Philippe Lafont, exuding bonhomous gusto, sings in every scene. Chouffouri, a bourgeois *philomme* up-to-date, gives a party at his Paris house, at which the stars Sontag, Rubini and Tamhuri are announced to sing. They excuse themselves at the last minute. So Chouffouri's musical daughter, her penniless composer-aunt and her husband perform an impromptu opera with uproarious parodies of Rossini and Meyerbeer. At the climax Babylas gets his girl by threatening to expose the fraud. *Madames de Halle* (1851),

the first opera for which Offenbach was licensed to use more than three characters and a chorus and the first to be given at his new theatre in the Passage Choiseul (the Bouffes-Parisiens, still extant), is a romp about three market-women, a drum-major, a supposedly orphan girl and a tender-hearted scullion. The target here was not the vulgar rich but sentimental dramas about lost babies. Though *Orpheus* in the Underworld was to come later in the same year, the music shows Offenbach in the raw—crude but zestful vitality with bursts of almost savage melancholy surely traceable to the Jewish strains he heard as a child.

Dayé's scaffolding set, gaily hung with different arrangements of posters and decorative lettering and cunningly lit, places the action of all three pieces in the market quarter of Les Halles. Les Halles, as they are admirably suited, *Pomme d'api* rather less well. Dhéry, a producer without axes to grind or lessons to ram home, reacts instinctively and physically to farcical situations. The pace is as fast as for Feydeau or Labiche. At least in the second and third pieces the music is well played. Manuel Rosenthal (how many years since he arranged an Offenbach ballet, *Gaieté parisienne*, for Massine?) rightly insists on scrupulous orchestral playing. On the first night *Pomme d'api* was sometimes too loud for the singers but the rest was a demonstration of how such music should be handled.

France today is distinguished by a chorus of singer-actors expert in operetta. Most of them were in this programme (one absentee, Michel Sénéchal, who is busy at the Opéra in *Hoffmann*). The invaluable baritone Jean-Philippe Lafont, exuding bonhomous gusto, sings in every scene. Chouffouri, a bourgeois *philomme* up-to-date, gives a party at his Paris house, at which the stars Sontag, Rubini and Tamhuri are announced to sing. They excuse themselves at the last minute. So Chouffouri's musical daughter, her penniless composer-aunt and her husband perform an impromptu opera with uproarious parodies of Rossini and Meyerbeer. At the climax Babylas gets his girl by threatening to expose the fraud. *Madames de Halle* (1851),

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F.T. CROSSWORD PUZZLE No. 4161

A prize of £5 will be given to each of the senders of the first three correct solutions opened. Solutions must be received by next Thursday, marked Crossword in the top left-hand corner of the envelope, and addressed to the Financial Times, 10 Cannon Street, London, EC4A 3DF. Winners and solution will be given next Saturday.

Name Address

Crossword puzzle grid with numbers 1-29 indicating starting positions for words.

- ACROSS
1 Guided back to sensible state of America (8)
5 Small strike over nothing is in dialect (6)
9 BIN struck to tell (8)
10 About turn in condition of cast figure (6)
12 Junction on line by way of metaphor (5)
15 Tired of being thwarted by rain (6, 3)
16 Achieve score at Twickenham without any cheer (8)
17 Notice young attendant oozing out (7)
19 Introduction to work of Chopin (7)
21 Cleared up when it was sent back late (6)
23 Digusting hoe almost shattered (9)
25 Joint going to bishop's head (5)
26 Strange boy is almost certain (4, 2)
27 Measure base control (5)
28 Notice bag gets round diatribe (6)
29 Attack southern family with leather bottle (8)
DOWN
1 Want twisted thread (6)
2 Sweet to drink hard water (9)
3 The pair of us welcome to make cloth (5)
4 Escape by a wide margin (7)
5 Leading a pussyfoot game director to the top 12, 3, 4)
7 Better kind of picnic? (5)
8 Put in case of Spithead warms? He would (8)
11 Is twice the river (4)
15 Contact board for luck to continue with inflammable material (9)
17 Snags lock came out lost in wonder (8)
18 Explain carefully how eburn revealed... (5, 3)
20 London landmark concealed by some rose bushes (4)
21 A lot more might have effect on organ (7)
22 Lower the stalin of the churchman who took me in (6)
24 Article left on the German tree (5)
25 Old Testament encountered about anthem (5)
Solution to Puzzle No. 4160
M I S S E N G L A N D P L A
S C A R E A P A R T M E N T
A T V I C E R
D A N S I N S B E I G E
G A O V F O U
W A Y A D D I T O R
A N E M I D D L E M A N
N B O E S
A N D S A M A N O N E
P E S S A M O N E
R I D I M H A I S I T

TV Radio

Teletext program guide listing various TV and radio programs across different channels like BBC 1, BBC 2, Granada, etc.

ENTERTAINMENT GUIDE listing opera and ballet performances, chess solutions, and radio programs.

BUILDING SOCIETY RATES advertisement with contact information for Financial Times and details on building society rates.

Radio Wavelengths table listing frequencies for various radio services.

FINANCIAL TIMES

BRACKEN HOUSE, CANNON STREET, LONDON EC4A 3DF

Telephone: 01-548 5000

Saturday December 29 1979

Decade of disorder

THREE economic facts summarise the nasty decade we have just survived. The real value of paper money has fallen by more than half (and by two-thirds in Britain). The real value of gold has increased sixfold. And the real price of energy to final users had risen by about a quarter and by only 15 per cent in the U.S., Britain and Germany. The so-called OPEC decade was a decade in which we tried to feed off the reality of scarce resources by printing claims. It was a tactic which succeeded better than it deserved in terms of energy costs and damaged the monetary more than the real economy.

Adjustment

Now we face the reckoning. Since all major countries are now struggling to restore monetary credibility, the most recent increases in energy costs will have to be paid in good earnest. Just as we now have to pay bondholders something approaching compensation for inflation, adjustment, and very painful adjustment at that, is now perhaps being faced in earnest.

Perhaps seven years was not too long a time to learn such a lesson. The easy growth of the 1950s and 1960s produced habits which were hard to break. Governments which had learned to manage demand had no responses ready for a disruption of supply. Wages were accustomed to steady rises in real incomes from the inflationary machines which we had made of the mixed market economy could not be expected to learn overnight that death is possible and that adjustment is costly.

As a result, the 1970s proved a laboratory in which inflation theories were tested and proved. Inflation can be seen as the result of printing too much money, or the result of which systems erode in as had shape as the monetary system to face such a challenge. After a decade in which minorities of every kind, from high-minded pacifists and environmentalists to armed guerrillas, have disrupted the operations of governments, and only extremism has flourished, it is easy to despair. There is certainly a greater danger than at any time since the 1930s of a retreat from liberalism of every kind—free trading, freedom of association and the liberal political systems. This fear can easily be overcome, though it is a dictatorship, not democracies, which have been overthrown in the 1970s. In Africa, Central America, Portugal, Spain and Greece, even if Chile stands as a cautionary tale of what can result from inflationary excess, the gloom, however, the student of the travel game will find a heart which is beating a little nervously. If the threat

IN WHAT must be one of the most remarkable turnarounds in the history of tourism...

Britain is preparing to launch an intriguing invasion this spring. Nearly 5,000 Britons a week are now booked to have their summer holidays in the Miami area of Florida — from Easter to hurricane time in the autumn. Half in amazement and half in relief — for Miami Beach desperately needs the business — hoteliers reckon the UK will account for more than 2m bednights in the summer season. The Costa Americana has arrived. In a frantic scurry to cope with this new business the local tourist industry is trying to find out more about this strange new market. Do the British, for example, insist on Afternoon Tea? The British "packagers" will pour in on chartered jets clutching such familiar baggage tags as those of Lakeland, Cosmos, Intasun and Thomson. Miami is proving to be the bargain basement of the American travel boom, but it you add in the rush to California, New York and Texas you could find a season in which more Britons go to America than Americans come to Britain — a prospect raised by TWA, which ought to know where its custom is coming from. The sudden blossoming of America is an illustration of the volatility of the travel market at the moment. Although those involved in the industry, both those taking the British abroad and those attracting foreigners here, have to make predictions few seem to be making them with any optimism or confidence. Even the U.S. explosion could be dampened by any drastic reduction in the value of sterling or massive fuel surcharges on what is, after all, a route where the flight content of a holiday package is an important factor.

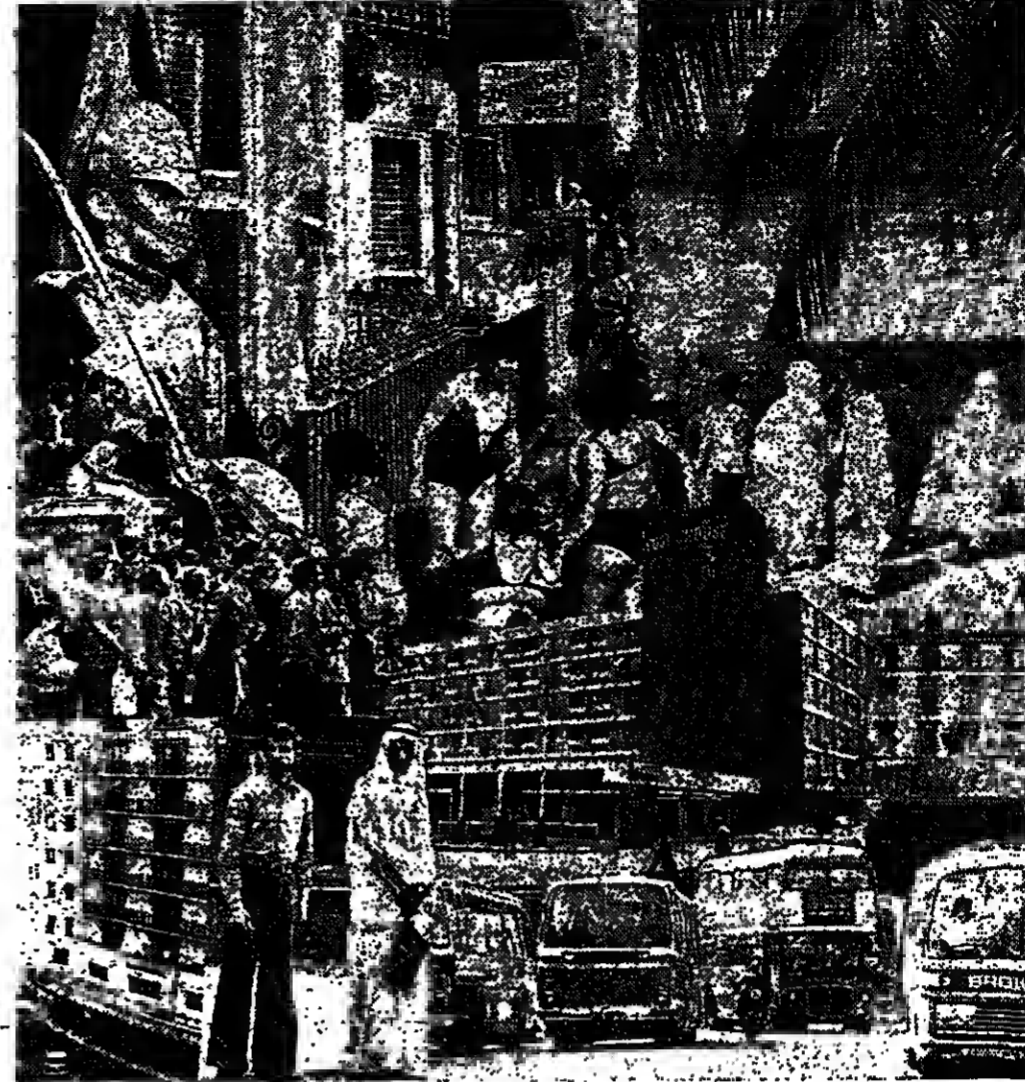
Relatively stable

To an outsider, however, the travel business might seem enviably stable compared with other areas of discretionary spending. Colour television set makers would love to have a market which showed surprise at 5 per cent changes in demand. This year the traditional crop of glossy brochures seems bigger than ever. Newspapers will hugle with travel supplements over the next few weeks and television will about the package companies' appealing wares. Customers will find that prices have changed over the years. A two-week peak season package in Benidorm now costs around £200 a person and a Global 15-day coach tour of Europe can set you back £345 — but it does take you to Brussels, Paris, Venice and Rome among many, many other places. Behind the sub-thumping and the gloss, however, the student of the travel game will find a heart which is beating a little nervously. If the threat

of a continued international economic slide were all the industry had to worry about then the industry might be more cheerful. The travel world is much more concerned about the erratic nature of the international currency markets, the price and availability of fuel, and the impact of governmental action, particularly in the field of de-regulation of air services. All these are subjects of considerable interest to the British travel industry — that which receives foreign tourists, as well as tries to keep Britons within their own borders — as well as to the package tour companies and airlines which might want to make us leave our shores. As the American travel market has been in the comfort of a weak dollar, so the British saw their much prized market for U.S. tourists dwindle. What might have seemed reasonable price rises in hotels and restaurants in a domestic context, became, when translated into dollars, an alarming burden. In dollar terms the New York Hilton is now much cheaper than the London Hilton. In 1978, the British Tourist Authority was predicting that 1979 would see a 20 per cent increase in the U.K. nearly 2m of them Americans. If 1980 now sees 12m tourists and 1.5m Americans there are many who would say we had done well.

The performance of the dollar has been the single most difficult factor during the past 18 months, so when trying to make accurate predictions of business, said the past year has seen a few surprise events. The Iranian revolution, led to oil shortages which at one stage grounded aircraft and closed petrol stations. One of the world's most popular charter jets — the DC-10 — was grounded for several crucial weeks, one of the most aggressive charter airlines, World, was hit by a long strike, and the effect of de-regulation began to bite. The dollar, however, dominated. Traffic to the U.S. from much of the world leapt up. For the airlines it simply meant replacing American bottoms with foreign bottoms. For travel agents, tour operators and hoteliers in the American trade it meant learning to live with a new set of rules. The number of tourists from Germany, Britain and much of the rest of western Europe soared by around 40 per cent. When the figures are finally counted, more than 1m UK residents may be shown to have gone to the U.S. in 1979, most of them on holiday.

Americans stayed at home (home included Hawaii, which had a very good year) or went to the Caribbean, with its dollar-linked currencies. Most people seem to think that 1980 will be another year of unpredictability. "When we launched our programme in September we were pessimistic," says Thomson, Britain's biggest travel operator with a capacity around 900,000 a year. "But the last few weeks have been amazing. Fifty per cent of our



capacity is now sold. We still do not know whether 1980 will be up on last year or down." The reason for this uncertainty — in spite of a remarkable pre-season sales period in that the British have swung back to early bookings again. Cosmos and Intasun, which with British Airways tour subsidiaries and Horizon, form the UK tour "top five", both published their brochures much earlier this year than in 1978 and both seem to be reaping benefits from this move. "People seem to be making their minds up much earlier," says Thomson. Cosmos is encouraged in thinking its own market share will rise. "We have a slightly increased target, but the overall market could well be a little down on 1979." Last year, a very good one for most operators, also saw a boom in bookings around Christmas, but this disappeared in mid-January. There are fears that the same thing might happen again. Nonetheless there is already enough business around for some patterns to have emerged. In 1978 and 1979 Spain lost its position as the holiday playground for the majority of British going abroad. It slipped below the 50 per cent mark and, by several accounts, continues to slip although the decline shows some signs of

levelling off. According to one of two operators the Spanish islands, particularly Ibiza, are recovering quite well after a disastrous period for tourism in the whole country. In Spain prices shot up, standards declined and labour problems proliferated. The number of international tourists visiting Spain in 1979 fell by 3 per cent to around 38m. This was so serious an event that the Spanish government played host to the world's most important tour operators in Torremolinos earlier this month in order to outline ways in which Spain plans to put its house in order — including £20m in government grants for better hotel security and fire precautions.

New holiday haunts

The sunshine-seeking tourists of northern Europe have been making for three main other destinations — North Africa (Morocco and Tunisia), Greece and Florida. With Greece now in tourist pelicans. With very low airfares on scheduled services the package tour operators face considerable competition, with passengers opting

for direct booking rather than getting a packager to do the work. The swing to do-it-yourself packaging (families buying their own flight tickets and booking their own hotels) in the U.S. since de-regulation has been enormous. Some large tour operators have gone bankrupt as a result. British package tour companies have moved to some extent into a position of being able to leap whichever way the market goes. Thomson, Cosmos, Horizon, Intasun, Global and, of course, British Caledonian (Blue Sky) and British Airways (including Sovereign, Enterprise and Martin Rooks) all have their own aircraft and could, where they are not already, "go scheduled" if they chose to and if the British Civil Aviation Authority would allow it.

Double-edged weapon

This ownership of aircraft is a double-edged sword. Most of those companies which moved into the airline business recently, notably Horizon, Intasun and Global, did so because they foresaw a shortage of charter aircraft in the early 80s. They have invested to varying degrees. If the market were to collapse severely then anyone with a large airline arm might be faced with the problem of any vertically integrated company: the inability to contract rapidly in bad times. The ghost of Court Line — with its huge jets, Mediterranean hotel chain, buses and computers, still stalks the encampments of package tourism.

With the British market, it seems that much is going to depend on the value of sterling. Every point that the currency rises sends a few more Britons abroad and deters a few more foreigners from coming to the UK. Britain does have one of the best organised and best marketed tourism industries in the world. It also boasts, whatever we may say at home, a hotel and catering industry generally with remarkably high standards. Mr. Mervyn Gwynne, of consultants Greene Bellfield-Smith and Co., reckons that 1980 might well be the year when the British hotel industry surprises the City. "After all the doom and gloom in the 1979 Press," he argues, "the results of the major hotel and catering groups announced in 1980 will surprise many people — even though interest rates have been high. The hotel industry, after a difficult 1979-80 winter will confound some City experts by showing surprising profit performances in 1980. Hotel shares could well take the limelight in 1980-81." So, even in the depths of a turn-of-the-decade winter, there are some optimists around. Perhaps they include those who are buying their suntan lotion ready for the spring rush of Europeans to the Costa Americana.

Letters to the Editor

Mind my bike

From British Rail's Passenger Manager (Marketing) Sir,—I refer to the news item (Dec. 7) about the contents of bicycles by train. The free cycle scheme was introduced in 1977 with the object of promoting optional and leisure rail travel by cyclists. With two years experience of the scheme behind us, we have found that an increasing number of commuters have been using the facility to bring their cycles into London and this has created considerable problems at peak times. Our main task in London and the south east is the mass movement of people and rolling stock is designed with limited van space or in some cases none at all, in order to make the maximum amount of room available for passengers. There have been: (i) delays to trains because of the loading and unloading of cycles; (ii) conflict between passengers and cycles on platforms, staircases and at barriers; (iii) many examples of inconsiderate behaviour by cyclists who ride across concourses and along platforms. The situation is further complicated by the introduction of new rolling stock with sliding doors, which has no guard's van. In the interests therefore of the majority of our customers, we have found it necessary to impose a ban on cycle conveyance at peak times in 1980. Restrictions are not applied lightly and we shall be reviewing the situation later in 1980. P. M. Haydon, British Railways Board, 222, Northchase Road, London NW1.

financial aid, and indirectly by a favourable public sector spending policy. Do we, however, get an opportunity to take a share in the good fortune that has been brought with our money? Of course not. Instead of a public issue the NEB, presumably after discussion with ICL and the Government, decides on private placing. We should perhaps have been more surprised if the Government or the NEB, despite their innocent haste to sell off our assets, actually did give us the opportunity to enjoy some of the benefits of our long investment in ICL. But we need have no fear that that would have happened for this Government (with a "mandate" based as usual on minority of votes within a thoroughly had electoral system) will continue to look after its paymasters as carefully as if they were before it. Peter K. Minton, 15, Derrwood, Herdwick Road, Reading, Berkshire.

Threat to pits

From Mr. R. W. Boam Sir,—The coal imports by the British Steel Corporation (and steam coal by the Central Electricity Generating Board) pose a major threat to the total British energy supply. Pits will have to be closed and lost for ever while new mines take many years to come into production. This at a time when miners have given the Coal Board a massive vote of confidence by secret ballot and turned out most excellent productivity figures which should be the envy of the rest of British industry. Once overseas imports are established, temporary price advantages usually vanish. By that time it will be argued that the Coal Board cannot produce enough and by the very same organisations who will have been the cause of it. Britain will then have to import coal. The Government should stop or at least restrict coal imports, at once order power stations to switch from

oil to coal, export that oil and use the proceeds to cover the cost of coal subsidies. R. W. Boam, Director, EAS (Coal) Ltd., 55, Eaton Terrace, SW1.

Recruiting

From Mr. C. J. Burn Sir,—Michael Dixon has once again devoted an article to the Code of Recruitment Practices. For whose benefit the code intended? It cannot be for the recruiters and candidates who conduct their affairs in a reasonable and courteous manner. It must be intended to influence the behaviour of those who have shortcomings in this respect. But surely these shortcomings are facets of behaviour that provide the recruiter and the candidate with useful and probably important information required for decision making by both parties. Why encourage deception? In the article "top management" are exhorted to issue "decrees" on recruitment practice. If that is necessary, then of the personnel management problems in those firms, recruitment is probably the least important. C. J. Burn, 11, Derrwood Crescent, Stanmore, Middlesex.

Raising money

From Mr. R. M. Bankes-Jones Sir,—Lex's comments (December 21) are a timely reminder that we have the Macmillan Report (1931), the Radcliffe Report (1959), the Bolton Report (1971) and (most) the Wilson Report; and that despite sundry developments in the wake of all that, the problems and climate are more pressing than ever. Two perennial difficulties remain for smaller businesses with potential. They are reluctance of the business to prejudice its independence and "belt and braces" standards of security required by banks. The clear need is for more "give" at both ends to increase the "take." Finance apart, the tentacles of restrictive legislation also stifle enterprise.

While there is no single or easy answer, experience does seem to show that effective solutions cannot be invented centrally by a kind of alchemy, to utilise the business ground, in all its infinite variety up and down the country. Centralisation is the wrong way to deal with diversity. That is illustrated, not invalidated, by tentative attempts by some giant companies and pension funds to help fill the gap. Centrally managed, but increasingly unsuccessful, at enormous public expenses in public industries and services.)

Perhaps a move by a few experienced and enterprising men to leave clearing banks merchant banks and large companies and set out independently to arrange or provide central and advice for small businesses — from regional centres might help. In parallel, so (among other things) might bank borrowing for the business by some of the employees, in conjunction with some profit-sharing or equity participation arrangements. R. M. Bankes-Jones, 154, Palenell Park, East Sheen, SW14.

The trap

From Mrs. Hermione Parker Sir,—Samuel Brittan (Economic Viewpoint, December 13) proposes cuts in employers' national insurance contribution (annexed out of North Sea oil revenues) as a means of restoring profits and incentives. Of what possible benefit could this proposal be to people caught in the poverty trap or the unemployment trap, to whom, since the Joe Budget, the problem of incentives principally applies? As a result of the poverty trap it now makes little sense of only £8, in terms of spending power, whether a family man with two children earns £35 or £85. Because of the unemployment trap, he needs earnings of £85 to live at approximately supplementary benefit level.

Lack of incentive (minimal rewards for extra effort and minimal penalties for those who barely try) is a root cause of falling profits. The reason is excessive taxation of employment incomes, and the chief victims are families with dependent children, for whom, since the abolition of child tax allowances, taxation is no longer related to ability to pay. Cutting employers' NIC might give profits a temporary boost, but no more. The only way to restore incentives is by raising tax thresholds well clear of SB levels.

For single people and childless couples that means further increases in personal allowances, a re-structuring of the allowance system, and the introduction of a new deduction for work expenses. For children it means substantial increases in child benefit. Without child tax relief there is no other way. Several firms in recent years have taken the bold step of undertaking to pay their employees' income tax. The results have exceeded even their most optimistic predictions. The moral to be learnt is that profitability depends on a contented, motivated workforce. Hermione Parker, Nettelfield, Pirbright, Surrey.

Unit trusts

From Mr. J. T. Stride Sir,—Now that the unit trust movement is free to determine its own charge structure, it is pertinent to ask how management groups will push through increases in annual charges. It is quite clear that it is not in the interest of unit holders to approve any increase, since higher charges merely diminish their own future income. Accordingly unit-holders should vote against any such proposal. However, many units are held through life assurance schemes and investment trusts closely associated with the management groups. The Department of Trade and Industry must prevent any possible abuse of these

close relationships, and in equity to the ultimate beneficiaries insist that such units be voted against proposals to alter trust deeds and permit higher charges. J. T. Stride, Tottenham Crescent, Epsom Downs, Surrey.

Mortgages

From Mr. Alan T. Rhodes Sir,—It seems to me there is no logic in including mortgage repayments in the cost-of-living index since this affects only a part of the community and to a widely varying extent. In real terms the person with the large mortgage repayment is still prospering most since the present "high" rate of interest is equivalent to a lower rate when the sum borrowed in the past is translated into present-day money and the capital is only repaid in face value. Alan T. Rhodes, The Old Forge, Waldeton, Chichester, Sussex.

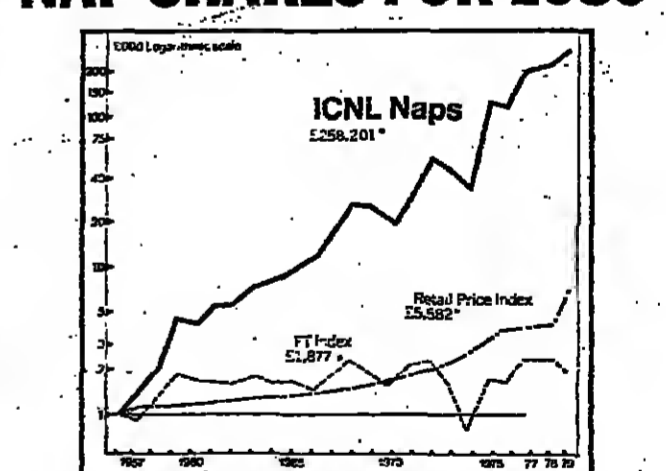
Ill-timed closure

From Mr. R. C. Owen Sir,—At a time when major regional investment programmes, such as the Kielder Reservoir project and the Newcastle Metro system approach completion, the closure of Consett steelworks seems ill-timed. Are there any other major projects in mind to reduce the regional unemployment burden? R. C. Owen, 18, Burden Terrace, Newcastle-upon-Tyne, Tyne and Wear.

Pigs might fly

From Mr. L. A. Partridge Sir,—Had the Gadarene swine made a U-turn, who could have blamed them? L. A. Partridge, 72, Eastfield Ave., Beth, Azon.

DON'T MISS THE NAP SHARES FOR 1980



At the beginning of every year the IC News Letter selects a number of shares generally of high capital gain over the following twelve months — its Star Nap Selections. The chart above shows the cumulative 12-month performance of each year's Nap Selections over the last 23 years, including that of the 1979 selections. If you had invested £1,000 in the 1957 Nap Selections and reinvested the proceeds at the end of each year in the new annual selections, your initial £1,000 would now be worth £258.201 (before gains tax and expenses) against a mere £1,877 if you had invested in the FT Index and £5,582 if you had managed to keep pace with inflation. In addition to its annual Nap Selections, the IC News Letter gives regular weekly share recommendations and investment advice. The overall record shows that its recommendations have beaten the index by a wide percentage margin averaging well into double figures on an annual basis. The News Letter also has an impressive track record with its general market and profit-taking advice over the years, as supported by the many appreciative letters received from subscribers. An outstanding feature of its advice over the past year has been its strong advocacy and expanded coverage of oil shares, and its focus is now being extended further to enable its subscribers to obtain the maximum benefits from the recent lifting of UK foreign currency controls and the exciting new opportunities arising from this. The IC News Letter, published every Wednesday, is available on postal subscription only. Use the coupon below to order your subscription now, starting with the 1980 Nap Selections. Many regular subscribers describe it as their best investment ever.

Form for ordering the IC News Letter subscription, including fields for name, address, and payment details. It also includes a note about the correct figure for the year ending 31 December 1979 being £249,900.

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Best buys of the decade: the chances you missed

By RICHARD LAMBERT, Financial Editor

IN JANUARY 1970, I did a rather clever thing. I sold all my equity investments and realised the nice round sum of £3,000 after Capital Gains Tax. With the money, I bought a piece of agricultural land—no much, just a hectare or so (whatever that is). It cost me under £500.

Then I dug a very deep hole, which I insulated thoroughly with shredded-up copies of the Financial Times (these come free with the job). Into this I popped half a dozen cases of 1945 Chateau Lafite at £140 a throw, plus three dozen new sovereigns which cost me £137. I filled in the corners with 10 barrels of Nigerian crude oil. I got the barrels on a sale or return basis—which cost me £7.50, and 10 1940 Penny Blacks, which set me back by £1,000. I then bought a rather smart 12-horse shotgun for £500, with which to forage for food and see off intruders, and that left me with £26 to cover the necessities of life like a tent and a supply of baked beans.

It has all worked out rather well. Ten years later, I'm sick to death of pigeon pie. But the land is now worth over £4,000; the Chateau Lafite is selling at £1,100 a case; the value of the three dozen sovereigns is nearly £2,000. Ten barrels of equivalent crude would now cost over £115. The Penny Blacks might go for £25,000 and the shotgun could be worth about £2,000 second hand. That adds up to the best part of £40,000.

All fantasy, of course... My savings, such as they are, have continued to moulder in a building society account where

the nominal value—after reinvesting interest receipts net of tax at the standard rate—has roughly doubled. Retail prices, by contrast, have more than trebled over the decade, so in real terms the value of the money on deposit has declined considerably.

The assets that have been worth holding in this period of inflation have had a number of common characteristics. They have been tangible, transportable, and in limited supply. As often as not they have been absolutely sterile in nature—in other words, they have been stores of wealth, like stamps, rather than creators of wealth, like equities.

Dramatic rise

Gold is the most obvious example, up from \$35 an ounce in 1970 to over \$500 today, but there are plenty of others. For instance, silver's rise has been just as dramatic. The aggregate value of a list of classic stamps compiled by Stanley Gibbons has risen seven-fold. Sotheby's had difficulty in getting rid of 1963 vintage port at £12 a case in 1970; today, a case would probably fetch about £100.

Not all the so-called "alternatives" have been so rewarding. Taking 1970 as 100, an index of the price of Chinese ceramics compiled by Sotheby's had risen to 543 by the end of 1978, but a similar index of old eastern paintings was only just keeping pace with the UK's rate of inflation at 507, while an index of impressionist paintings was only up to 190. Bad news,

unless you actually like looking at the things.

In general terms, however, investments in rare, tangible assets have been more likely to maintain their real value than have paper assets like bonds or ordinary shares. The FT-Actuaries All-Share Index has risen by a little under 70 per cent since 1970, or by about 130 per cent allowing for the value of dividend reinvested net of tax at the standard rate. To compare this with, say, sovereigns, which have risen from \$9.15 to well over \$100, you have to make some adjustment for the cost of storing and insuring the coins. Yet there is still so enormous a gap between the two figures.

The rising price of oil has played a key part in establishing these shifting investment values. In October 1970, when BP announced the discovery of the Forties Field, North Sea-type crude was selling at roughly \$2 a barrel. Today the figure is \$26 or more and the value of an oil field with an estimated 1.8bn barrels of recoverable reserves has been transformed.

The impact of the higher oil price on investment markets has been two-fold. First, it has helped to fuel inflation, which in turn has tended to squeeze real company profits and share prices around the world. Secondly, it has created substantial financial surpluses among the oil producing nations, which have been seeking to reinvest their funds in diversified portfolios of assets.

Not surprisingly in these circumstances, countries with strong currencies have often

also been able to boast relatively strong security prices. This combination has offered substantial rewards to shrewd investors.

For instance, UK investors who bought Japanese shares at the beginning of 1970 could have multiplied their capital by five times over the decade, even allowing for the disappearance of the dollar premium. Ten years ago there were 869 yen to the pound; today there are about 520. Over the same period, the pound has fallen from the equivalent of 8.86 Deutsche Marks to 3.85, and from 10.3 Swiss francs to 3.50.

All too often, however, UK investors have been tempted to do exactly the wrong thing in the currency market. The lure of raising apparently "cheap" loans in hard currencies in order to invest in the U.S. almost wiped out a number of investment trusts in the mid-1970s.

Expansion

At the same time, some investment funds were also taking a beating in the commodities markets. Prices boomed in the early 1970s, as almost all the world's developed economies expanded at a hectic pace. The average cash price of copper, for instance, nearly doubled in London between 1971 and 1974. But metal prices plunged as the world moved into a recession, and during the decade many metal prices have fallen to well below the cost of replacement capacity. Lead and tin have risen in real terms, but copper has slipped well behind the UK

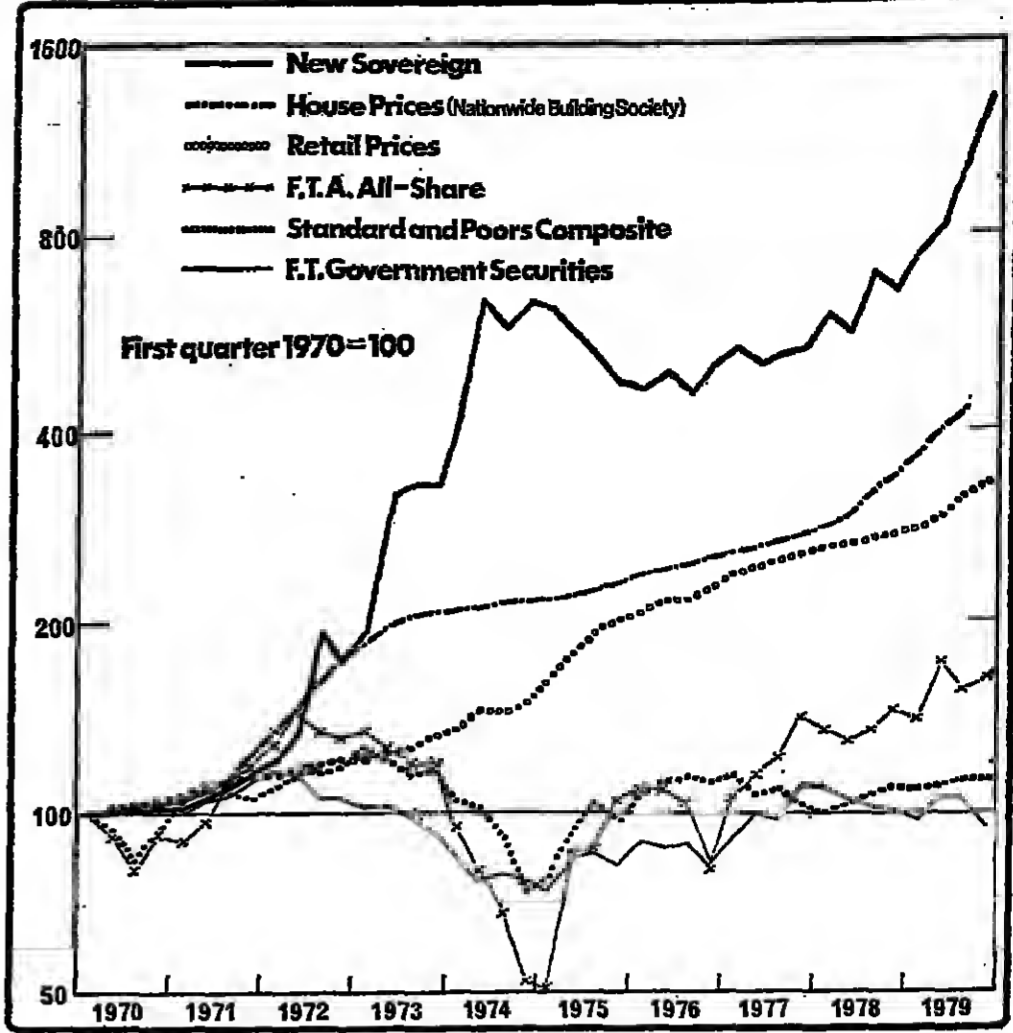
rate of inflation. An investment of £100 in 1970 would still be worth less than £200 today.

For most investors, however, commodities and works of art remain a pretty remote home for savings. But one very important store of wealth comes much closer to home. These have been the years in which house prices caught up with the weather as a standard topic of conversation for British citizens. The people sitting glumly at the corner of the dining table were those who had not bought their own houses when the going was good.

An index of the average price of all houses calculated by the Nationwide Building Society rose from 100 in 1970 to over 500 between 1970 and 1978. Then the market lost its momentum for a while. It was not until the second quarter of 1978 that the index broke through 300. Prices then surged ahead through to the third quarter of 1979, when the index stood at 431.

The impact on private wealth has been substantial. The average UK house cost £4,700 in the first quarter of 1970 and £20,250 by the third quarter of this year, again according to the Nationwide figures. Average prices in London and the South East rose from £6,000 to £26,400 over the same period.

Other types of property assets have also shown substantial gains. Chartered surveyors Jones Lang Wootton compile an index covering the combined capital and income returns of a mixed property portfolio. Its increase over the decade has been roughly comparable with that of the Nationwide housing



index. But it has not been so easy for the private investor to capitalise on the rise in investment property values as on the gain in house prices. An index of property funds compiled by Money Management has risen by less than two-thirds during the past five years. In which time the Retail Price Index has risen over 21 times.

The increasing proportion of wealth taken up by housing has had substantial implications for the whole economy. At the end of 1971, the stock market value of all UK and Irish registered companies was something like £50bn. By the end of 1976, the figure had fallen to around

£41bn, and it has since recovered to roughly £75bn. But between 1971 and 1976 (the most recent figures available) the estimated monetary value of private dwellings, net of mortgage debt, rose from £66bn to £107bn and it must be getting on for double that amount today. Sooner or later, those trends have to change. If the value of the nation's manufacturing and commercial base, as measured by the stock market, continues to fall in real terms, the point will be reached eventually at which the economy will be unable to sustain the incomes which support the value of all those houses in real terms. If that were to happen, the resulting shambles could make the financial crash of 1974 look like the merest hiccup in comparison. The best hope for the 1980s is that the circumstances will be created in which private savings will flow back into industry and commerce and away from those non-productive assets which have flourished so mightily in recent years. The trends in the opposite direction are so well established that it will require fundamental changes throughout the economy to reverse them. But there is no other way that you are going to be able to afford actually to drink that 1945 Lafite.

Weekend Brief

A record of video games

Among the glossiest of electronic toys received by some over the past festive week has been a new video tape recorder, an item of micro-chip wizardry which many manufacturers hope to see as standard household equipment before the decade is out. With such gadgetry proliferating is now not the time that the software companies—producing pre-recorded tapes—should start flooding the market with goodies? Well, some tapes are already on sale, most of them old films, but the day when video shops will outnumber audio-record shops seems a long way off. The revolution is being delayed by a massive international row over just who owns what when it comes to a videogram (the new word covering both tapes and discs). Already, with the audio-visual establishment enmeshed in arguments over copyright with actors, writers, musicians and unions, the video pirates are beginning to move in.

Among the recent casualties as the pre-recorded videogram makers struggle to create a market has been an EMI taping of King's College. Anyone who thought there could be no argument over the copyright of songs over a century old is wrong—the problem comes in such questions as the musical arrangements.

Everyone in the music and film world sees videograms as the gravy train of the eighties and nineties, and wants to make sure that they are fully qualified passengers. Musicians in particular are eager to have something from each of the future videogram sales price going to them. But they are not the only ones. Writers and actors are trying to word their contracts for films and TV shows in such a way that if the material is used for a videogram then they will get a percentage of the take.

The main arguments from the videomans is that there is simply not enough money in the business to start sharing out little bits and pieces to everyone. Even giants like Philips and EMI (aiding giant though it was) have joined forces in unlikely temporary alliances to develop the market. "Can you imagine trying to make money on records if there were only 100,000 record players in the country?" said one EMI man ruefully. "That's where we are at the moment with videograms."

The whole question is compounded by the fact that the big companies involved, and that means pretty well every major movie or record maker in the world, do not themselves want to give away too much now in the rush to get things going and then find life too complicated later. The ominous thing is that there are no central talks going on anywhere at the moment. Every tape made at the moment is done under individual agreements. Industry nervousness means that the pirates are busy taping films and TV programmes

Who owns what in video tapes . . . the boom in big book swappers . . . the race to 1,000 mph . . . and the money's not for burning



EMI's Donald Maclean: no carols for Christmas.

and offering them for sale, notably in the Middle and Far East but increasingly in Britain and the U.S. The nervousness is likely to continue, however. As Donald Maclean of EMI said recently, it is a question of cold feet rather than cold logic.

Going by the book

For most people in the retail trade the week after Christmas is quite possibly the worst of the year. If you are not fighting off hordes of crazed bargain hunters who've been queuing since daybreak to have first crack at the sale, then you're hounded and harassed by all those hearers of unwanted Christmas gifts—apologetic matrons embarrassedly exchanging a size 10 black lace negligee for something more serviceable in a size 14.

For one small, enterprising body of traders, however, the tail end of the festive season marks the start of their best and busiest trading period. They are the dealers in "unwanted gift sets" of Encyclopaedia Britannica.

One South East London number offering both to buy and sell those unwanted gift sets was reluctant to reveal his name, and indeed insisted on calling back to ensure that I was neither the Inland Revenue nor the proprietors of Encyclopaedia Britannica.

"It's a sideline really—not enough in it to keep me going full time but a very nice little business on the side. Problem is I get far more buyers than sellers, its getting quite difficult to get hold of a new set at a good price. Lot of competition now. This time of the year its mostly sellers, all the buyers will start ringing around exam time, when they think their kids might need some help." Dealer number two's number had been given to me by a colleague who had been about to purchase a second-hand set for his son, and had been put on to a "source" in Walthamstow by his local newsagent. This source too was very cautious, admitting only that yes, he did have a 1978 edition of Encyclopaedia Britannica.

speed record yielded by Donald Campbell to the Americans in 1964.

Barrett, 36, who has doubled for stars in perilous situations, inspired Burt Reynolds' film Hooper. He made his run on heard a three-wheeled, rocket-powered vehicle which in September unofficially broke the "old" record of 620 mph set up by Gary Gabelich's "Blue Flame" nine years ago. But it did not reach the sound barrier. This time Barrett made it—with the help of a strapped-on Sidewinder missile.

"We were a little sceptical when we heard that there was no sonic boom," says Richard Noble, the London-based K&N executive who is heading up Project Thrust, Britain's own programme to capture the record.

But where does all this leave Thrust 2, the Rolls-Royce Avon jet-powered Project Thrust car in which nearly 90 British companies have various-sized stakes for a total investment so far of £300,000?

"Naturally, Thrust 2 cannot compete with that," Noble agrees. "But Thrust 2 originally was intended only as a development and demonstration car." Its design criteria originally included a capability of 600 mph, not enough to break even Gabelich's record.

"It was only when we had done all the streamlining testing in British Aerospace's Piton wind-tunnel that we realised it should be able to beat 620 mph."

Thus Thrust 2 was to have had a quick crack at Gabelich's record next year, before the project team moved on to Thrust 3.

"Now, Thrust 2 will continue to fulfil its development role. We have much to learn from it, and it must be remembered that until Project Thrust no one in the UK had applied himself to record-breaking technology since the days of Campbell."

With the sound barrier now almost certain to be accepted as having been broken on land, Project Thrust's original goal of being the first to go supersonic has also been overtaken. "But in this kind of game you have to be prepared to be upstaged," Noble points out. "We fully intend to be part of the race for the next real target, of 1,000 miles per hour."

A way with money

For four years three senior executives at the Bundesbank, West Germany's central bank in Frankfurt, appeared to have hit on the perfect crime. By the end of 1978 they had walked out of the bank with DM 2.4m (£32,000) evading all the bank's sophisticated security checks, and were enjoying a life-style beyond the dreams of honest bank employees. But their bosses at the bank began to notice their way of life. When in addition, banknotes started turning up, which were supposed to have been destroyed months or years before, suspicions mounted. The three officials were arrested earlier this year and during the trial, which ended this week, all three confessed

their crimes. But the Jeniet sentences passed by the judge, Karl Wand—none of the three were jailed—appeared to reflect the wry amusement of many Germans at a case, which has rather demoted the solemn image of the Bundesbank and its lofty role as "Protector of the currency," a role entrusted to it under a 1957 Act of Parliament.

Inevitably the bank has had to undertake a thorough re-appraisal of its security procedures—new methods have been introduced, the court was told—and the case even led to the appearance in Frankfurt's Superior Criminal Court of Dr. Otmar Emminger

reiring Governor of the Bundesbank himself, called as a witness by the defence.

Each year the Bundesbank takes hundreds of millions of notes out of circulation—last year 561m were withdrawn to a value of DM 22.6bn (£5.9bn), and it had always been assumed that they found their way safely into the incinerator.

Back in 1972, however, three employees of the Bundesbank—others have also come under suspicion, but no charges have been pressed—began to conspire to keep a little bit of the mooey for themselves. First individually, and then later together for the biggest coup, they

started to rescue a few bundles of notes from the flames.

The invalidated bank-notes were then swapped by one of the group for old currency that could still remain in circulation.

They told their friends at the bank that they had married rich wives or had inherited money. To their wives they said they had won it in a lottery or had some luck on the stock exchange.

The three accused, not surprisingly, took a different stance during the trial. "Who were we damaging?" Maas wanted to know. "The money we were taking was only going to be

burned."

The prosecution demanded jail sentences totalling 15 years for the three. But the judge was more lenient. The jail sentences he passed were suspended and the trio were put on probation for four years. In this period they must pay back DM 2.7m to the Bundesbank and a further DM 1.1m in extra fines must be paid to various charities.

Contributors:
Arthur Sandles
Robyn Wilson
John Griffiths
Kevin Done

PHILIPS

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Companies and Markets

UK COMPANY NEWS

BIDS AND DEALS
Fairbairn Lawson gets takeover approach

AN UNNAMED suitor has made approaches to Fairbairn Lawson, the troubled engineering group, only three days ahead of the long delayed annual meeting scheduled for 12.15 at the Queen's Hotel, Leeds, on New Year's Eve.

however, a Jersey based South American controlled company called Atlantic Engineering emerged as a buyer for Greenbat in a complicated deal which involved Fairbairn in payments of £3.5m to Greenbat.

Hammerson acquires Reunion

Hammerson Property and Investment Trust has concluded its £42.3m cash purchase of Reunion Properties, a wholly owned subsidiary of Jardine Matheson, the Hong Kong based trading group.

Wm. Collins £3.6m office sale in move to reduce borrowings

William Collins, the Glasgow publisher, which made a £523,000 pre-tax loss in the first half of this year, has sold the freehold of its St. James Place offices in London for £3.6m.

Mooloya asks for suspension

The announcement of the suspension of which shareholders had already been warned, accompanied the news that the 70p cash bid by Nunnery Holdings for the minority of Mooloya had closed with acceptance of only 12.5 shares.

Imps wins California licence

Imperial Group has cleared a further hurdle in its attempt to buy Howard Johnson, the U.S. restaurant and hotel concern, which it had won liquor licence approval from the state of California.

approved the \$630m agreed bid for HoJo.

with the accounts for the year to April 1979 still delayed and unlikely to be published before the end of January.

in the market Mooloya's price has been standing consistently above the offer price.

in a bid to stem losses and reduce borrowings Collins has reduced its labour force by 600 and is also negotiating the sale of its loss-making U.S. subsidiary.

It is understood that the new owner of the St. James Place

This brings to 28 the number of states in which it has obtained clearances both in wholesale and retail alcohol—a combination generally frowned upon in the U.S.

HoJo operates as a retailer in 40 states so Imps is still waiting on clearances from a further 12. California is considered by U.S. analysts to be one of seven states whose decisions on the proposed merger will determine its outcome.

Other states thought to be important include Connecticut, Florida, Illinois, Massachusetts, New York, and Pennsylvania. Approval has yet to be granted in these states.

Imps shareholders have already

Ferranti, director, disposed of 50,000 shares. Mr. S. B. J. Z. de Ferranti, director, disposed of 150,000.

United Rubber and Coffee Plantations (1952)—Hedgefield Country Securities, and its associates have a beneficial interest in 183,789 ordinary shares (12.9 per cent).

New Sybil Holdings—Urogate Investments has acquired a further 2,500 shares and now holds 26.95 per cent.

Dorington Investment—Waltonite acquired 269,500 ordinary shares and now holds 12.7 per cent.

Empire Plantations and Investments—Singlo Holdings has purchased 15,000 ordinary making holding 308,000 (5.2 per cent).

Grange Trust—Courtauld Pensions Common Investment Fund is interested in 1,058 shares (11.2 per cent).

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W. H. Smith and Son (Holdings)—The WBS Pension Trust has acquired 500,000 ordinary shares and now holds 5,800,000 shares (7.9 per cent).

Rembia Rubber—Mr. J. W. Laurie, director, has reduced his non-beneficial interest by 21,650 shares.

Cavenham profit tops £27m in first 32 weeks

FOR the 32 weeks ended November 10, 1979, Cavenham, the food group headed by Sir James Goldsmith, reports sales up from £1.08bn to £1.37bn and pre-tax profits of £27.1m against £14.5m in the same period last year.

Figures are comparable to the first 32 weeks of last year save for the acquisition of Colonial Stores in August 1978. On a like-for-like basis and excluding effects of exchange fluctuations, pre-tax profit shows a satisfactory advance, the directors say.

Following the increase in profits from £27.8m to £32.8m for the year to March 31, Sir James said the current year had got off to a satisfactory start with profits ahead of the same period in the previous year.

Tax charge for the 32 weeks more than doubled from £3.2m to £7.3m. The group is a subsidiary of Generale Occidentale S.A.

Another member of the GO group, Anglo-Continental Investment and Finance Co., reports operating profits of £3.28m for the six months ended September 30, 1979, and pre-tax profits of £1.83m.

In the first half of 1978-9 which ended on December 31, operating profits of £1.64m and pre-tax profits of £824,000 were reported. Pre-tax profit is after central expenses of £1.45m against £1.5m. Tax takes £405,000 (£28,000) giving earnings per share of 3.44p (2.21p).

Attributable profit amounted to £1.19m (£764,000) after minorities of £239,000 against £82,000. Following the change in year-end, profits for the nine months to March 31 this year amounted to £2.5m.

As envisaged in the directors' report in the 1978/79 accounts, the proposed merger of the group's banking associate, Banque Occidentale pour l'Industrie et le Commerce with Societe Financiere et Industrielle pour l'Expansion des Entreprises has taken place and consequently the group's holding in the enlarged BOIC has fallen to about 19 per cent.

As a result the group has not accounted for its share of BOIC's profits for the half-year now being reported.

As on past occasions, extraordinary items have been excluded and will be accounted for at the year-end.



Sir James Goldsmith, chairman of Cavenham.

Talbex looks for recovery

THE troubled Talbex Group could go "a long way" this year towards lifting profits back to their 1978 level of £872,525, chairman Mr. E. H. Lunt told shareholders at the annual meeting yesterday.

In the year to July, 1979, Talbex incurred a loss of £131,028 even after surpluses on property and share sales.

But Mr. Lunt cautioned that the recovery is subject to "no further heavy losses" by the Fair-Air subsidiaries—the future of which is under consideration—and "no serious deterioration in the trading climate."

Fair-Air's losses, which last year reached £218,000, have been staunch for the time being. It showed undischarged profits in the four months to November.

However, Mr. Lunt said that it is impossible to give any more precise indication of this year's likely performance. Order books are still "very thin and uncertain," he said. The company is keeping an open mind about the Fair-Air's long-term future. If the trading position deteriorates, sale or closure will be considered.

Fair-Air forms part of the Skelton Group of companies acquired by Talbex as part of its short-lived liaison with Bahamas-based Artoc Bank, which ended in May this year. Talbex paid around £1m for the purchase of the companies. It has since received £350,000 from Artoc against the losses. It has also netted £98,000 on sale and leaseback of a Skelton factory.

Setting these two amounts against the purchase price, Mr. Lunt believes that Fair-Air could be sold yielding a net profit to Talbex. But the company has not yet negotiated with potential buyers.

The remainder of the Skelton division is back into profits after small losses in the first four months of this year.

Apart from loss-reduction, Talbex is looking for a strong performance this year from its industrial hygiene activities. There should also be some rise in profits from Diamond Aerosol, which last time topped by the transport strike.

However, the directors confidently expect second half profits to match those of last year although they anticipate that the year's profit will be lower—in 1978-79 second half profits were £392,000, giving a year-end total of £1.53m.

First half turnover was down from £13.45m to £12.96m. Profit is after interest of £481,000 against £293,000 but before tax of £163,000 (£403,000).

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Nash Securities better than forecast despite disruptions

PRE-TAX profits of £598,000 for the year ended September 30, 1979 are reported by J. F. Nash Securities, the motor, packaging and engineering group, compared with an expected £550,000 and with £374,000 achieved in 1978.

The directors estimate that profits were reduced by some £130,000 following disruption to trading caused by the engineering strike. Despite the disruption, turnover was on target, increasing by 23 per cent to £25.1m.

Stated earnings per share improved from 4.5p to 9.9p and as forecast, the final dividend is 6.5p lifting the total from 5.75p to 6.5p.

The balance sheet at Sept. 30, 1979 reflects the considerable strengthening of the group's position which has taken place within the past year. The Board added: "Net tangible assets at that date amounted to 154p per share and borrowings represented less than 50 per cent of shareholders' funds."

Since the end of the financial year, the company has made an offer to acquire the minority 23 per cent interest in Reliant Motor Group.

A total of 625,963 new shares have been issued in connection with this offer and Nash now holds 95 per cent of Reliant. The offer is unconditional and remains open for further acceptance.

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Turnbull Scott £5.24m ship disposal

Turnbull Scott Shipping, one of the few UK companies being aided by the government's loan moratoria, has sold its largest ship, the 29,858 ton Trontrage, for £5.24m.

The buyers, an unnamed UK company, have agreed to demise charter the Trontrage back to Turnbull Scott for 20 years.

The Trontrage accounted for over 30 per cent of Turnbull Scott's £2.2m loss in the 14 months to March, 1979. The sale of the ship will involve a small book loss but it will lead to a significant reduction in gearing, depreciation and interest charges.

Turnbull Scott Shipping, which is a subsidiary of Turnbull Scott Holdings following the reorganisation earlier this year, has borrowings of around £14m and shareholders' funds of £12.4m.

By repaying the £9.5m loan on the Trontrage and the 10/64th share of the \$1.1m loan on the Venezia, a 71,723 ton bulk carrier, borrowings will be reduced by about £5m.

Turnbull Scott is one of a number of small tramp shipping companies that has been badly hit by the world shipping recession. It has lost money in each of the last three years and has been forced to cut its dividend.

Mr. M. T. Turnbull, the chairman, described the sale of the Trontrage as "essentially a financial deal." By eliminating U.S. dollar borrowings, the company would no longer be affected by adverse exchange rate movements and would be insulated from high U.S. interest rates.

The directors of Turnbull Scott Holdings consider the financial prospects of the group will benefit from the sale of the Trontrage.

In his interim report Mr. W. K. Rogers, chairman of Cullen's Stores, told shareholders that it is hoped that the final figures for the year to February 28, 1980, will show the same increase as in the first half. But with minimum Leading Rate at 17 per cent it would be foolish to forecast how it will affect consumer spending over Christmas.

In addition, he says that the full year profits are bound to be affected by current wage settlements.

As known, Cullen's half-year profits rose from £75,776 to £320,507. The first full year prior to a pre-tax profit of £260,107 after a £100,000 disposal of properties amounted to £75,544.

Cullen's chief cautious on prospects

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Probe into newspaper merger

The proposed acquisition of the West Somerset Free Press, a weekly newspaper, by Bristol United Press, a subsidiary of the Bristol Evening Post, is to be referred to the Monopolies Commission.

The reference, the ninth concerning newspaper mergers since the Monopolies and Mergers Act came into force in 1965, is required under the Fair Trading Act 1973.

The statutory probe arises out of an agreement last March for the joint purchase of the West Somerset publication by BUP and Farnham Castle Newspapers from the family shareholders of Cox Sons and Co., publishers. In the case of BUP that agreement was subject to consent under the Fair Trading Act.

In a statement yesterday Bristol Post said that to remove uncertainty from the agreement, so far as the Cox shareholders were concerned, the whole of the capital was purchased by Farnham Castle in the first instance. Approval of the transfer to BUP of a 75 per cent interest in it was being sought.

A spokesman for Bristol Post said yesterday that the profits of the West Somerset newspaper were "marginal." The publication was outside Bristol Post's immediate area of coverage. It was not the group's intention to expand further into that area.

Under the Fair Trading Act permission for a merger is required where the buyer's average circulation after the transaction reaches 500,000 or over.

Apart from Bristol Post's controlling interest in BUP, Associated Newspapers, publisher of the Daily Mail and the London Evening News, has a 20 per cent stake. Associated, which is itself owned by the Daily Mail and General Trust, also has a 24 per cent holding in Bristol Post.

INVERESK SELLS The sale of Inveresk Group's interest in the paper merchanting business of Link Paper and Supplies to Mo and Domsjo (UK) has been completed in accordance with the agreement announced on November 29.

The sale is not to be referred to the Monopolies Commission.

SHARE STAKES Philip Hill (Investment Trust)—The trustees of the National Coal Board Staff Superannuation Scheme, the trustees of the Mine-workers Pension Scheme, and the trustees of the Coal Industry Benevolent Trust, together hold 6,011 ordinary shares (6.24 per cent).

Hawley Leisure—Globe Investment Trust now holds 1,068 ordinary shares (9.3 per cent).

Elswick-Hopper—Mr. J. L. Turner, director, disposed of 6,000 ordinary shares. The London Trust Co. has acquired 800,000 ordinary shares, bringing its holding to 2.6m (7.6 per cent).

Commons Brothers—Esacopen Nominees has sold its holding of 154,000 shares.

Ferranti—Mr. B. R. V. Z. de

United Rubber and Coffee Plantations (1952)—Hedgefield Country Securities, and its associates have a beneficial interest in 183,789 ordinary shares (12.9 per cent).

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Erith pays £552,000 for E. L. Hunt

Builders' merchant, Erith and Co., has acquired E. L. Hunt of £552,000 for a consideration of £552,000.

Net tangible assets of Hunt at December 31, 1978, amounted to £327,000 and, on the basis of recent property revaluations, there is a surplus over book value of certain of Hunt's properties amounting to £280,000. In the year to December 31, 1978, losses before tax and appropriations amounted to £47,000 and further losses are expected in the current year.

YORKS. BISCUIT HAS 89% OF FURNISS At the EGM of Furniss and Co. the resolution for a two-for-one scrip issue was passed. Yorkshire Biscuits, a subsidiary of Louis C. Edwards and Sons, which has made an offer for Furniss, now has acceptances amounting to 71,379 shares. This represents 88.2 per cent of the existing capital, and includes 15,617 shares (19.5 per cent) held by the directors who have irrevocably undertaken to accept.

The offer has been declared unconditional in all respects and will remain open until further notice.

GOODKIND BUYS LEEDS WAREHOUSE W. Goodkind and Sons has exchanged contracts for the purchase of a warehouse at Westland Square, Leeds, for £45,000.

The property, which is freehold, comprises approximately 3,648 square feet and is let at a current rental of £3,100 per annum.

The consideration is being satisfied by the issue of £205,000 new ordinary of Goodkind.

M. J. H. Nightingale & Co. Limited

Table with columns: 1978-79 High, 1978-79 Low, Company, Price, Change, Div (p), Yield %, P/E. Lists various stocks like Annington Group, Armitage and Rhodes, etc.

DUNDEE AND LONDON INVESTMENT TRUST LIMITED

Table showing financial data for Dundee and London Investment Trust Limited for the year ended 31st October, 1979. Includes Revenue after charging interest and expenses, Taxation, Preference Dividends, Ordinary Dividends, Transferred to Revenue Reserve, Earnings per Ordinary 25p Share, Valuation of Investments, Investment currency premium included above, Net Asset Value per Ordinary Share.

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هكذامن الكحل

BOOKS

My first choice is Thomas Pakenham's 'The Boer War' (Weidenfeld and Nicolson, £10.00). This is a splendid book which, though it has had a good reception, hasn't quite received the recognition it deserves. As I said in my review, it was good to see someone kind to Redvers Buller, but perhaps Pakenham was a shade too kind. The book is an achievement which will stay for a long time.

I would like to add a novel by a young writer which oughtn't to be allowed to sink into obscurity. This is 'Betran in Exile' by William Watson (Chatto and Windus, £5.95). It may mark the beginning of a really good English historical novelist.

C. P. SNOW

Two American novels stand out. Joseph Heller produced 'Good as Gold' (Cape, £4.95). Bruce Gold, English professor here, nurses a vitriolic passion against Henry Kissinger, a fight with the possibility of a job with a double-talking White House. And in order to write a book on the Jewish Experience, Gold has to investigate his own bruised Jewish psyche and his mad, suffocating, grotesque Jewish family, Range and riches: gifted, luscious; horrors and hilarities. A tour de force.

In 'Cannibals and Missionaries' (Weidenfeld and Nicolson, £5.95) Mary Montagu has produced an unforgettable novel of terrorism. Never one to shirk hard subjects, she presents hijackers and victims, the latter richly divided into millionaire art collectors and prominent liberal protestors about the Shah's regime. The psychology of attack and response are imaginatively explored, and more striking ironies come when the terrorists want to change hostages for Vermeers. A complex questioning of values, in particularly delicious prose.

ISOBEL MURRAY

I think I must place first of the books I have particularly enjoyed reading this year one that came out very recently: Orwell - 'The Transformation' (Constable, £6.95). This is the second of the two volumes on Orwell's life and work which the two American authors, Peter Slansky and William Armstrong, have written, the earlier one 'The Unknown Orwell', having come out seven years ago. 'Transformation' is really Orwell's change of attitude towards the politics of the Left which was set in motion by his experiences in a Spanish Civil War and resulted first in that bitterly disillusioned book 'Homage to Catalonia'; but the authors see it as paralleled by his final dropping of his real name, Eric Blair, and becoming his pseudonym, George Orwell. It is a wonderfully sympathetic and perceptive account of work and brings Orwell marvellously to life.

I have also much enjoyed the latest volume of Virginia Woolf's Letters. The 'Sickie Side of the Moon' (The Hogarth Press, £12.50). Her letters always a delight to use, and those written to friends and younger relations from her travels in this volume are especially sparkling with fun and enjoyment.

JOHN LEHMANN

'Enjoyed?' It is not the word I am looking for. But appalled, fascinated and certainly riveted, I read Andrew Boyle's 'The Climate of Fresson' (Hutchinson, £8.95) at a single sitting which, I suppose, means that I find it the most memorable of the books I have read in 1979.

I had not thought it possible that anyone could tell me anything new and interesting about the Burgess-Maclean-Philby affair, but in a one-man investigation, without support from the official organs of intelligence, with (as one guesses) the active non-cooperation of many who could have helped him, he has painted a picture of treason—and more sinister—of cover-up almost without parallel in our history. The outcome: the explosion of public fury; the identification of the Fourth Man at whom Boyle could only point an accusing finger; the demand for further investigation; more confessions. Boyle thinks there were perhaps 25 men in the conspiracy, some of them still in positions of authority. Names

please! It is all quite natural, if rather late.

It would be more to the point to ask who were the 'moles' to spy and where are they working. For 'moles' there certainly are, although they may not be in the inner ring of the White House Establishment. There are other branches of the Establishment and, to reduce Britain to the ranks of a third-class industrial and military power it is not necessary to turn the Secret Service ('the Circus, as Le Carré calls it) inside out. 'The permutations are infinite once you've brought off the basic lie,' said George Smiley.

But Boyle's book is not remarkable only because of its condescension. It is the record of a painstaking investigation, told with scrupulous fairness, and making a narrative of immense importance and—to me—of absorbing interest.

GEORGE MALCOLM THOMSON

I nominate 'The Dervish of Windsor Castle', by Richard Dalby and Lory Adler (Bachman and Turner, £7.50). Behind this foolish title is a stout biography of an Arminius Vambery, an amazing man even by the standards of the last century. And about time too. As far as I know, there was nothing about him except what could be learnt from his own books. Born into a humble Jewish-Hungarian family and determined to get on, he soon showed himself a prodigious linguist. Going to Constantinople, he learnt Turkish, Persian and Arabic (among other languages) and became an Islamic scholar able to pass himself off as a dervish. So disguised, he set off for Central Asia, exploring Khiva, Bokhara and Samarcand, and a unique witness of these khanates in the final years of their independence.

His adventures made him a public figure. He hobnobbed with Emperors, Sultans and Shaha. Queen Victoria much admired him. Seeing in the British the only hope of stopping the Russian imperial drive in expansion, he became a glorified secret agent. Theodore Herzl, the theorist of Zionism, and a man driven by similar aims, was impressed by him. In the end, he became a professor. More than anyone, he had influenced Western perceptions of Islam. One caution, however—the publishers of this fascinating book seem to want to keep all the copies to themselves. I judge by the difficulties I had obtaining it. Not many poets make you see the world through their eyes, but Seamus Heaney is one. Field Work (Faber, £3.00) is moving, saddish, Irish, but with the sense of coming upon secrets which distinguish true poetry.

DAVID PRYCE-JONES

Two theatre books of outstanding quality have turned up at the end of the year—Richard Fawkes's 'Life of Dion Boucicault' (Quartet, £10.95) and Sir John Gielgud's 'Life of Himself' (An Actor and His Time, Sidgwick and Jackson, £9.95). What I read besides theatre books is mostly high-quality nonsense by writers like Philip K. Dick, so my choice is bound to come from the theatre, and I think the Gielgud book would have been sure of its place as my top choice in any case. I am quite useless at almost everything except where the theatre is concerned. Sir John says blithely on his last page, but his account of his life, despite its air of improvisation, is splendid in all respects, and his publishers have made a handsome volume out of it with a profusion of pictures, some in colour.

E. A. YOUNG

Wilfred Thesiger's 'Desert, Marsh and Mountain' (Collins, £9.95), a handsome book with many spectacular photographs by the author, records the world of a nomad and the man who has lived a life of a man who has eluded restrictions and lived in complete freedom. This book, which masterfully evokes the bitter landscapes and convincingly defines his ambiguous attraction to savage tribes, establishes Thesiger as one of the greatest travellers and travel writers of the century. His life has been dominated by a strange compulsion to go

where others have never been, to know the space of empty sands, to experience comradeship and danger in forbidden countries. His favourite books were Kim and Lord Jim, and like the heroes of these novels he insisted on the rôle of white leader of a traditional race. He tested himself against their impossible standards and, like T. E. Lawrence whom he resembles in style and manner, defined and authenticated his experience by hardship and torment. The theme of the book, which vividly recaptures this harsh and exotic life, is important. For Thesiger was aware that the long cherished traditions would soon be discarded and that the 'colour' and variety that distinguished this scene would soon disappear from the land forever.

JFFREY MEYERS

I choose 'Play Resumed', by Neville Cardus (Souvenir Press, £6.50), even if it is for cricketers only. But these essays are a pleasure second only to the collapse of Kerry Packer. Cardus is more than a window on to the cricketing world of Tyldesley and Geary, the value of Woodfull as a late night wicket to England and the inspired howling by Tate in the Tests of 1930. He is a superb judge, a critic who has to be trusted for the view that cricket has never been so fine as between 1902 and 1932. To suit it, his style has the flourish of a 1930s back-swing. The metaphors and similes are as assured as a leg-glide. I am not alone in a search over many years for the original copy of these Manchester Guardian pieces. We have them at last: Cardus on the ideal Test team, on Bradman in the '30s,

of which seems to be that we tamper at our peril with the basic affections, and can stunt, in a sense kill, the heart by the sort of desertion Maria Pasqua had to bear: solid, as she was, out of happy penury into plush, eccentric slavery.

ROBIN LANE FOX

I was fascinated by Raymond Williams's 'Politics and Letters' (New Left Books, £12.75). It consists of a series of formal interviews with Raymond Williams conducted by the New Left Review which have been organised so as to give the impression of an extended discussion. The interviewees concentrate on Professor Williams's life, books, political beliefs, and, more generally, his ideas about British society during the 1920s and 1930s. The question and answer technique is engrossing, and the political assumptions and jargon, on both sides, are often very revealing in ways they were hardly intended to be. For anybody interested in the relationship between literature and society in the nineteenth and twentieth centuries this book is essential reading. It is an infuriating, challenging, curiously impressive book that I know I will return to again and again.

PETER KEATING

I seem to have mixed my categories this year. I enjoyed Nadine Gordimer's 'Burger's Daughter' (Jonathan Cape, £5.95) for the sharp and incisive light it threw on left-radical politics in South Africa and for the unusual portrait of white-black relations within this context. On the other hand, I read M. R. D. Foot and J. M. Langley on 'M.I. 6' (Bodley Head, £6.95) with a sense of pure pleasure as one good story followed another and the larger-than-life characters emerged from the excellent study of this small, secret war-time department. Pure escapism in every sense of the word.

ZARA STEINER

My choice is Magdalen Goffin's 'Maria Pasqua' (Oxford University Press, £4.95), a biography of the author's grandmother, an Italian of amazing beauty famous as the child model of many famous painters in the eighteen sixties, said by her father to be a rich English woman for the price of a vineyard. She married into the Norfolk squirearchy and lived unhappily ever after, yearning for the Italy and the father she had lost, and never seeing either again. Her strange story is told with a rich sympathy for the main characters (the difficult husband and the wrecked wife) and a strong sense of the continuity of life in particular families and milieus.

Maria Pasqua's son died only 5 years ago in a large house where nothing had been disturbed for decades; her son-in-law still lives. From records, direct memories and a memoir by her mother (much praised by Evelyn Waugh), Mrs. Goffin has made a work of great beauty and interest, intensely sad but artistically vigorous; the moral

English novelist on a par with Anthony Powell. Yet Ronald Merrick is soother Widmerpool and Sarah Layton is one's own particular idea of a femme fatale. It would be interesting to know what Hugh Gattskell, the son of a member of the Indian Civil Service and addicted to women, would have made of her. Philip Williams's 'Hugh Gattskell' (Jonathan Cape, £15.00) is reticent on private life in general, but it is still the political book of the year.

The book has been criticised for being too long and certainly it seems to me that the judgment is flawed, being together too favourable to the man. What is so rare about it is its scope. Seldom can a post-war British politician have been treated in this way, though other political leaders have written at greater length about themselves.

Already there has been a polemical response from Michael Foot, the biographer of Bevan, who has promised to reply in more detail later. That is an excellent development. The level of political writing in recent years had sunk below the level of British politics. Books like this remind us that the politics of this country are better than we sometimes think.

MALCOLM RUTHERFORD

I greatly enjoyed 'The Right Stuff' (Jonathan Cape, £5.95). Tom Wolfe built up a reputation as a flashy writer who bent fact as near fiction as it would go. In the past I've had my anxieties about the effect of the direct memories and a memoir by her mother (much praised by Evelyn Waugh), Mrs. Goffin has made a work of great beauty and interest, intensely sad but artistically vigorous; the moral

your nose if it's always to the grindstone" (to quote a current Nat West ad.) then this is the book for you. A beautiful, humbling book that explores with marvellous pictures (optical and radio, colour and black and white) the awesome creatures of the cosmos—the quasars, black holes, white dwarfs and red giants, nebulae, galactic spirals and clusters, nebulous stars, inter-galactic gas clouds and solar planets that make up our seeming universe (are there others?).

With an authoritative if slightly pedestrian text setting out the current state of astronomical knowledge—or guesswork—about these objects or classes of objects, the book brings to tired minds bombarded by M.L.R. mortgage rates and next year's budgets the soothing perspective of our own insignificance in time and space.

REX WINSBURY

I thoroughly enjoyed 'Overruled on Welfare' by Ralph Harris and Arthur Seldon. (Institute of Economic Affairs, £3.00). This radical and free thinking book is at the same time both philosophical and practical. It deals with the great confrontation between, on the one hand, the attempt to enforce equality through monopoly, and, on the other, competitive improvement through individual choice. But it also signs the royal road for a massive reduction in public expenditure, not a mere year's pause in its inexorable increase.

ANTHONY FREW

Although I haven't read as much new fiction in 1979 as in previous years, my choice for Book of the Year is a novel. For anyone wanting to find a way through the labyrinth of Irish

fiction writer of short stories around, but until now, the reverberating precision of the stories has never quite been matched in her previous novels, brilliant though they are. But this book is a triumph: a difficult, complex exploration of the moral and intellectual problems of the daughter of a South African doctor of justice, a martyr in the cause of justice. Ross twists and turns on the hook of her hereditary involvement in the most serious political struggle of this century. Gordimer does not flinch from laying bare the implications for white liberals irrevocably involved, nor does she dodge the accommodations which must be made. It is an incomparable picture of the dangerously seductive attractions of the underground, set against the inescapable verities of violence and death, which can never be eased by political action alone. Immensely complex, not an easy read, but certainly one of the most important and devastating novels this year.

MARY HOPE

Nothing in the publishing world quite measures up to the biennial treat of a Monty Python book and this year, just to spoil us, there are two WP books in one, Monty Python and The Holy Grail (Book 1, (Corgi, £4.50). You may start the new blockbuster from either end, for one half gives you the complete script of the Life of Brian and the other (turning the book upside down) 'The Monty Python Scrapbook'—the first is already enshrined in celluloid. The second is a gloriously rocco rag-bag of surreal bits-and-pieces that is like manna from Heaven for those starving in the desert of a Python-tes TV era. Further further measure the book has a series of illustrations by Terry Gilliam (illustrations, including double-page reprints of the Biblical-mosaic credit designs from Life of Brian, and also that deathless item of down-under doggerel, The Bruce's Philosopher's Song).

NIGEL ANDREWS

My choice is Naomi James's 'At One With The Sea—Alone around the world' (Hutchinson/Staoley Paul, £5.95, 185 pages) which I read with mounting exhilaration. She has captured the essential spirit of the voyage by recording directly into her log-book events which led to her feeling of despair and jubilation. Some, it seems, are hastily scribbled between jobs on deck and their brevity and plainness speak for themselves. One entry on February 27, 1975 reads 'I completed 15.00 hours this morning', but less than a day later and at the end of her list of priorities for continuing the marathon she writes: 'Fix the shrouds. Yippee, we're off!'

KATE MORRISON

The dance books of the year have, for too great a part, been (presumably) regurgitated pop for the fans, packaged with varying degrees of books for the young which combine inaccuracy with breathless charm; and a couple of examples of the latter American tack which read as if ineptly translated from the Armani. Unreviewable, unremarkable all. About Patricia McAndrew's magnificent translation of Bourneville's 'My Theatre Life I hope to write at length later. Richard Buckle's 'Diaghilev' (Weidenfeld, £12.50) is my choice; not by default—though I wish it had been twice as long, in order that Buckle could have allowed his own style, and his natural sympathy for his subject, to take wings—because it provides more of the facts and more of the references, and more of the setting for the life of that great man, than anyone else has in his biography published in 1979.

CLEMENT CRISP

Barbara Tuchman's huge history of Europe in the 14th century, 'A Distant Mirror' (Macmillan, £9.95) is impressive on four counts: it vividly evokes a poorly documented age in terms of the common man as well as the aristocrat; it offers a Francophilic view not unusual for habitual consumers of English versions of history; it makes sense of a dreadfully confused period in which chivalry and 'romance' mixed with the plague and the 100 Years War; and as the title rightly implies it produces evidence of similarities between the 14th and 20th centuries which are both startling and ominous.

The wittiest new strip cartoon for years is Post Simmonds's 'The Silent Three' and her first collection in 'Mrs. Weber's Diary' (Cape, £3.95) makes a timely and hilarious social document, anatomising the agonised existence in a gentrified NW5 Victorian terrace of a polytechnic lecturer, his guilt-ridden wife, and their awful children. Street parties, sociology, and publishers' rejection slips loom large in their lives.

CHRIS DUNKLEY

The hideous-looking 'Matty Belshazzar' is a rather special cat—not to say regal in his disdain for other creatures, especially humans—he is a domestic moggy from a suburban semi, and is called Belshazzar for the simple reason that his father was called Nehuchadnezzar. Father was a 'somewhat promiscuous tom, with doubtful habits who while still in the prime of life, was rendered inarticulate by an articulated lorry.'

K. NATWAR SINGH

I choose Belshazzar by Chaim Bermant (Allen and Unwin, £3.25). This story of a cat is written in the first person. Far be it from me to suggest that Chaim Bermant is other than a human being but his prose has caught the feline psyche perfectly.

Although in his own eyes, 'Belshazzar' is a rather special cat—not to say regal in his disdain for other creatures, especially humans—he is a domestic moggy from a suburban semi, and is called Belshazzar for the simple reason that his father was called Nehuchadnezzar. Father was a 'somewhat promiscuous tom, with doubtful habits who while still in the prime of life, was rendered inarticulate by an articulated lorry.'

CHRISTINE BURTON

My Book of the Year

Our reviewers choose the books published this year they have most enjoyed reading



Book cover on the move... in Wilfred Thesiger's 'Desert, Marsh and Mountain'

Hammond and Kohls in full force. There is no better bedside reading. I wish that somebody would match it to the films of the games, evoked by the prince of writers from the press-book.

ROBIN LANE FOX

of which seems to be that we tamper at our peril with the basic affections, and can stunt, in a sense kill, the heart by the sort of desertion Maria Pasqua had to bear: solid, as she was, out of happy penury into plush, eccentric slavery.

ROBIN LANE FOX

the clown, lying somewhere under grease-paint and luminous nose. Now in this book, the background story to the creation of those silver-suited space-age heroes, the Astronauts, style and subject have closed in together with sensational and convincing effect.

ISABEL GUILGY

nationalist politics. Thomas Gallagher's 'The Year of the French' (Macmillan, £8.95) is required reading. It is also a dazzling and exciting narrative of a fascinating period in Irish history. I came to it late in the year—my interest in it was inspired by Conor Cruise O'Brien over dinner at Cheltenham Literature Festival.

ALAN FORREST

I was fascinated by Raymond Williams's 'Politics and Letters' (New Left Books, £12.75). It consists of a series of formal interviews with Raymond Williams conducted by the New Left Review which have been organised so as to give the impression of an extended discussion. The interviewees concentrate on Professor Williams's life, books, political beliefs, and, more generally, his ideas about British society during the 1920s and 1930s. The question and answer technique is engrossing, and the political assumptions and jargon, on both sides, are often very revealing in ways they were hardly intended to be. For anybody interested in the relationship between literature and society in the nineteenth and twentieth centuries this book is essential reading. It is an infuriating, challenging, curiously impressive book that I know I will return to again and again.

PETER KEATING

I chose Richard Buckle's 'Diaghilev' (Weidenfeld and Nicolson, £12.50). It tells its tale drily: all the same, it is an epic, marvellously colourful, copiously detailed story—our only life of the man himself but a chronicle of the artistic revolutions of which he was a major strategist. The facts are artfully marshalled—no student of the ballet, opera, theatre, or visual arts of the period, of Stravinsky, Picasso, Massine, and a hundred other members of the 'supporting cast,' can now afford to be without the product of such Herculean labour. I found the results made endlessly informative, compulsively enjoyable reading.

MAX LOPPERT

Tom Wolfe clearly decided not to throw away the years of research for a 'Wham, bam, thank you ma'am!' His sentences still build up to appropriate rocket-like effect but the solid information is there—over four hundred pages of it.

RACHEL BILLINGTON

In a year distinguished by the appearance of major works from Naipaul, White, Slyron, McCarthy and Heller, I must choose Nadine Gordimer's astonishing new novel, 'Burger's Daughter' (Jonathan Cape, £5.95). I have always thought Gordimer the

ALAN FORREST

Elizabeth Jennings offers a 'Selected Poems' (Carcanet Press, paperback £3.95, 122 pages) and a new collection, 'Moments of Grace' (Carcanet Press, £2.95, 62 pages). The selection shows the high points in the work of a quiet and now unfairly neglected traditionalist; the new poems explore her recently developed vein of absolute simplicity with varying success.

CRAIG RAINE

John Fuller's 'Lies and Secrets' (Secker and Warburg, £3.50, 70 pages) contains more of this skilful writer's light, moralistic neo-Augustan verse. Fuller is refreshing in that he does not pretend to have anything important to say; the reader is left free to be entertained if he enjoys learned allusion passably well constructed verse, and ingenious gaudies of—or salutes upon?—the habit of feeling. 'The Kiss' is a masterpiece. The other famous chess match between Staunton and Morphy, and will appeal to those interested in chess.

THE GREAT RUSSIAN POET ANNA AKHMATOVA is well served by her English translator D. M.

My choice is Catalogue of the Universe, by Paul Murdin, David Allen and David Malin (Cambridge U.P., £9.50). If it's difficult to see past the end of

ALAN FORREST

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ALAN FORREST

Poetry makes a comeback

BY MARTIN SEYMOUR-SMITH

Thom Gunn has made, in 'Selected Poems 1950-1973' (Faber and Faber, hardback £4.50, paperback £1.95, 131 pages), a good representative selection from the volumes he has published since 'Fighting Terms', written while he was still a Cambridge undergraduate. This was not the best first book of the century—not by a long chalk—but it was one of the liveliest. Since then he has settled in America (where his poetry is, however, less highly regarded than it is here), and has vastly extended the range of his subject matter, which includes science fiction, the remote past, pop music, motorcyclist tear-ways, gay bars, and much else.

Gunn's poetry springs from two contrasting sources: one is literary and traditional, the other is anti-literary and (now) somewhat outdated—the world of beats and drop-outs, as expressed not so much in the poetry of Allen Ginsberg as, surprisingly, in the noises made by the late Elvis Presley. But even if comparatively few readers can deny his intelligence and his fine sense of craft. He went through a lean, over-experimental period—but, as this volume shows, has won through to a new coherence. He has achieved this by sticking to his assumption that poetry should not be an abstract affair, but one involving the heart.

Gunn is a more modest poet than his Cambridge contemporary Ted Hughes, who is now writing so much that even his admirers are wearying of his self-conscious images cruelty and schoolboyish violence. Moor towns (Faber and Faber, hardback £5.25, paperback £1.95, 171 pages) opens with a verse journal of his experiences farming in Devon. There are three more sequences, 'Prometheus on his Crag', 'Earth-numb' and 'Adam and the Sacred Nine'. Hughes, as even critics partial to him admit, lacks technical finesse. Every poet is tempted to try to go beyond his limitations; but Hughes, in trying to be philosophical, has been tempted for far too long. He has become a mere repetitive and dull.

(Macmillan, paperback £3.95, 289 pages) is a volume of which he can be proud. His poetry eschews, for the most part, the intensely personal (here it contrasts with Gunn's), but Causley gains strong emotional effects in his narrative ballads, and is never afraid of feeling. He is a deservedly popular poet, whose work offers a strong demonstration that the 'well-made poem' may be on its way back.

Elizabeth Jennings offers a 'Selected Poems' (Carcanet Press, paperback £3.95, 122 pages) and a new collection, 'Moments of Grace' (Carcanet Press, £2.95, 62 pages). The selection shows the high points in the work of a quiet and now unfairly neglected traditionalist; the new poems explore her recently developed vein of absolute simplicity with varying success.

Thomas in Way of All the Earth (Secker and Warburg, £3.90, 96 pages). These are sensible translations, well-annotated; they succeed in re-creating the tragic and yet poetically always confident voice of a woman who suffered more than most from the inhumanities of the Soviet government. These are among the best, the most authoritative, of recent translations from the Russian (some of which have been very bad), and are from one of the most powerful of the 20th century Russian poets.

R. D. Laing is a well known psychiatric theorist who sometimes takes to verse. He believes, among other things, that the 'fruits of turmoil should not be underrated.' His Sonnets (Michael Joseph, £2.95, 63 pages) are so awful as to be engagingly so: but perhaps they should not be underrated. My friend insists he needs a hayonet's point pressing into between his ribs to make him come alive. It justifies him, whets... For myself, I hope the doctor's patients get a better deal than the English language does in this expensive,



Linda Pastan: needs watching

utterly sincere little book. Linda Pastan is a distinguished American poet whose work has not been published here before. Her 'Selected Poems' (John Murray, £3.95) shows a poet of intellectual precision who wants watching.

Although in his own eyes, 'Belshazzar' is a rather special cat—not to say regal in his disdain for other creatures, especially humans—he is a domestic moggy from a suburban semi, and is called Belshazzar for the simple reason that his father was called Nehuchadnezzar. Father was a 'somewhat promiscuous tom, with doubtful habits who while still in the prime of life, was rendered inarticulate by an articulated lorry.'

CHRISTINE BURTON

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THE BOAT INDUSTRY

After a 25-year boom, the tide is turning for Britain's boat industry, which is now facing a decline in exports. Companies are having to adapt quickly to changing market prospects, as ROY HODSON reports.

Battle to win export orders

THE BOAT industry is in the process of making a deep re-appraisal of its structure and its future. Companies are accepting that time is not on their side and that much work still has to be done in re-shaping the industry into more efficient groupings, properly capitalised and with exciting product lines. If it is to face the 1980s with confidence.

This last year has seen the process gather momentum, with some of the bigger companies growing even larger, with takeovers and mergers, while a number of the smaller companies—some of them proud names, synonymous with the growth of sailing—have disappeared as separate entities.

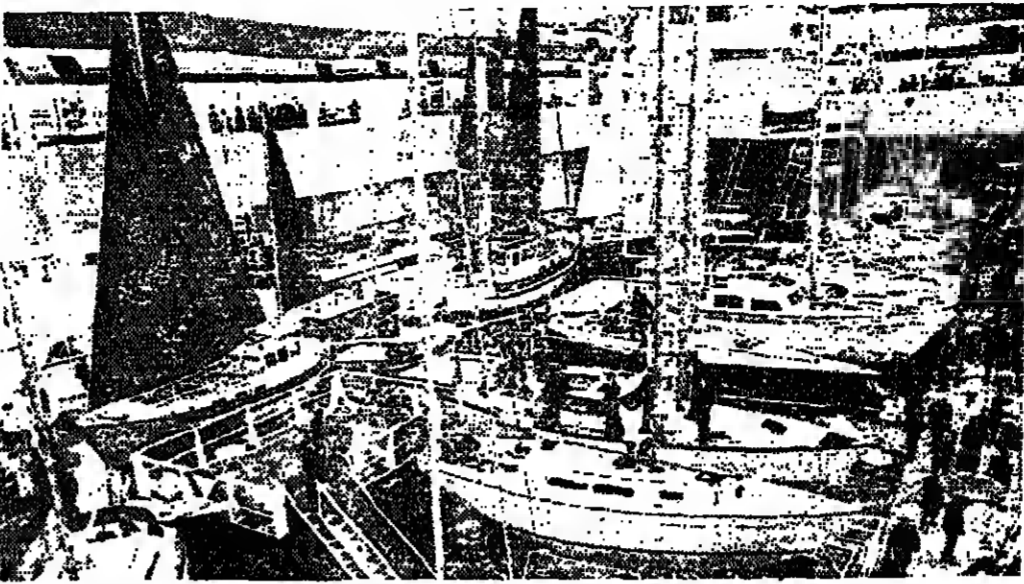
The industry's overall turnover for 1978-79, according to the Ship and Boat Builders' National Federation, exceeded £300m which was an improvement of more than 10 per cent in monetary terms upon the previous year. But that means, of course, that the industry has suffered some erosion of its sales, in real terms.

Throughout the boating boom of the last 25 years, the British industry has done brilliantly well overseas establishing a prime international reputation for its yachts and its equipment—but now the tide is turning," commented one company director, summing up with a suitably nautical metaphor. The industry's exports have actually fallen, in monetary terms in the last two years from £105m to £98m.

There are several reasons

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Many new designs by boat manufacturers will be featured at the next Boat Show (January 3-13) at London's Earls Court. Above: A section of the previous show

Because of the world financial climate, overseas markets are less buoyant. Competition from the French and Scandinavian industries, together with the hardening of the pound has made exporting a tougher game. North America is proving a much more difficult market than ever before.

However, the market prospects, although dismal, are not disastrous, and those companies that have a whole-hearted determination to remain in the forefront of the boating industry are pressing ahead with new investment plans and new ranges of boats and equipment.

Westerly Marine is one of the biggest European companies producing a full range of cruising and racing yachts. Westerly's cruisers have a justifiably high reputation worldwide. But the company has now embarked upon a major replacement programme for virtually the entire range. The target is to keep ahead of the market with fresh and original designs.

Trapper Yachts of Poole has reacted to the pressure by investing in new facilities on the Hamble River to develop its sales and marketing side in that corner of Hampshire which has become the centre of the British industry.

In the electronics field, APT, part of the Utelec Group, is expanding and has bought Brookes and Gatehouse the instrument company. News is likely soon of a major merger involving a quoted company which will

Some owners will spend several thousands of pounds equipping a boat with these extras to tell water depth, wind and speed through the water, and to give navigational fixes.

Range

Manufacturers are extending their product ranges faster than ever before and there is fierce competition to bring out new designs. Many of their new ideas will be seen at the Earls Court show (January 3-13). But, equally, as many ideas again are under development and will be finding their way on to the market during the coming sailing season. A boat-owner who is unsure whether or not to buy a piece of electronics equipment may find that it will pay to wait, since the range of equipment available to him is expanding and improving very quickly.

Two leading companies in the British marine electronics field, Electronics Laboratories (a Brookes Group subsidiary), and Brookes and Gatehouse, are both employing specialist teams of micro-processor design

ANATOMY OF THE INDUSTRY

	1978-79	1977-78
Turnover of principal market sectors, £m.		
Boats: sailing, power & dinghies	73	55.1
Home sales	33	60.5
Export sales	40	29.2
Engines: inboard & outboard	14	11.4
Home sales	7	45.8
Export sales	48	25.5

Source: Ship and Boat Builders' National Federation

create one of the world's largest producers in its sector of the marine industry. My own spot survey of the industry suggests that fortunes are fluctuating wildly with some companies hard-pressed to keep up with demand and others contemplating almost empty order books.

I discussed this with Mr. Jack Bethell, who, with Mr. Gerry Hume, founded the successful sailmaking company, Arun Sails, eight years ago. He has been surprised to find his orders this winter running at double the levels of a year ago. In part, that is thought to be because Arun supplies sails to a number of boat-builders with product ranges which are selling well.

Some companies are attributing many of their home market problems to the shortage of moorings. The position is very difficult on the South Coast where waiting lists of five years

or more on the most popular rivers, estuaries, and harbours, are common. But there is still plenty of room to expand fleets in other sailing centres around Britain. A side effect of the moorings squeeze, however, is that it is making it more difficult to sell second-hand boats. And in turn, the sluggish second-hand market is affecting the new boats market.

Several manufacturers are trying to persuade yachtsmen to solve the moorings problem by buying trailable boats with retractable keels. There are designs now which make comfortable family cruisers and yet are easily towed to-and-from the coast and can be launched within a matter of minutes. Coastal boat parks for trailable yachts look like becoming much more common during the next few years.

Clearly, the boating industry is undergoing a shake-out. Perhaps it will be the most serious since the mass production of cruising and racing yachts began. But boating shows no signs of diminishing in popularity as a leisure activity.

Indeed, judging by the furious activity at thousands of winter courses up and down the country as students of all ages study for the Royal Yachting Association/Department of Trade and Industry competency examinations, there is still a rush to go down to the sea in ships. The companies that look forward to better times ahead.

Advances in technology



The Hunter Sonata 7, a family cruising yacht in all respects—even, in this case, with washing flying from the rigging

experts to develop new equipment ranges.

Neither company, however, is prepared to replace existing marine electronics units with the new technology until the new designs have been thoroughly proved.

Marine Laboratories will be showing a synthesised radio direction-finder called Seabeam, which will enable yachtsmen to pick up the marine radio beacons and obtain bearings from them without knowledge of the Morse Code.

The Ladyline group is backing the development of a TV screen display depth recorder which will memorise the sea bed over which the yacht has passed and also be able to provide a trace for a distance of up to several miles back along the course. We have moved a long way since the lead-line was first used by the echo sounder.

The lessons of the Fastnet tragedy is expected to prompt a good deal of design re-thinking among manufacturers of safety equipment, including life-rafts, life-lines, and fares. Unfortunately, little of the new gear will be ready in time for the show. Again it may pay to wait before placing orders, or at least to extract a statement from the supplying company about imminent changes in its product range.

The strong international competition in the diesel engine business should be welcomed by yachtsmen. A bigger range of first-class engines than ever before will be on offer at Earls Court. Now that marine diesel is some 50p a gallon cheaper than petrol, a number of owners of existing boats are converting to diesel engines. And the diesel is becoming virtually standard equipment in new boats.

On the inland waterways, the latest trend is to switch from the internal combustion engine in favour of battery/electric propulsion. Eastworth Shipyard has done a lot of work upon the system and one of its boats recently cruised for 800 miles on the Thames and inland waterways, topping up its batteries from shore supplies overnight.

Buyers becoming highly selective

TO OFFER advice on choosing a boat is a high risk occupation. The likes and dislikes of potential owners are only to be compared with their idiosyncracies in choosing their marriage partners.

But it is clear that owners and potential owners are becoming much more discerning about the sort of designs they want. A thoroughly bad boat—and I can remember a few—stands virtually no chance of a profitable sales run nowadays.

The concept of the modern yacht is currently moving in two different directions, each of which is dictated quite properly by fitness for purpose. On the one hand the racing yacht has become steadily lighter in construction and more difficult to sail, in the pursuit of extra speed. It is possible that the trend will be at least checked by the experience of the Fastnet Race in which 15 lives were lost and 24 yachts were abandoned or sank in a severe storm in August this year.

The single most important design trend in cruising yachts is the movement towards shallow draft vessels with the ability to spend the night on beaches while cruising, and to be kept on shallow moorings which dry out at low water.

The pressure from the public for boats that will "dry-out" has been intensified by the shortage of deep-water moorings along the South coast where the greater part of British yachting sales are still concentrated. Shallow draft cruising yacht design is itself moving ahead on two fronts. A permanent place in the market seems assured for well-designed catamarans and trimarans which are properly

planned for family cruising. The image that multi-hull yachts must automatically be fast and hairy to sail is fading fast as their virtues as slower but comfortable cruisers are appreciated.

The latest development however is the renaissance of the centre-board yacht among British manufacturers. There is nothing new about centre-boards as a means of having retractable keels and ballast. But they used to be poorly engineered and give trouble as they fell out of fashion. Now a growing number of boat builders are bringing out cruising yachts with retractable keels which work easily and efficiently often aided by hydraulics. Trapper Yachts and Northshore Yacht Yards have introduced interesting new designs recently.

Alternative

The choice of boat is perhaps most difficult for the buyer entering the lower-end of the market for the first time. Dinghies are now so expensive for their size when purchased new that it is wise to consider the alternative of purchasing a second-hand cabin cruising yacht or a daysailer. It might not be such fun to sail, but there will be more room for the family and opportunities to spend weekends cruising away from base.

The high cost of fuel is forcing a number of motor boat owners to switch to the motor-sailer type of vessel which is reasonably economical under engine and can make use of a fair wind.

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THE WEEK'S COMPANY NEWS

Take-over bids and deals

Engineering concern Wharfedale Watson announced an agreed £2.35m bid for the loss-making Midlands forger Joseph Shakespear...

Dealing in the shares of William Mowat were suspended at 12p. Mowat's Board says that it will clarify the reasons for the suspension...

Beckers McConnell has entered into discussions with International Stores, the UK food distribution subsidiary of BAT Industries...

Table with columns: Company bid for, Value of bid per share, Price Value bid, Final Acc'tee date. Lists companies like Antofag, Cableform, CGBS, etc.

APPOINTMENTS

Morgan Grenfell posts

From January 1, the following have been appointed directors of MORGAN GRENFELL AND CO. Mr. M. P. Douglas, Mr. A. H. H. Gold and Mr. D. W. Wells...

Mr. Nigel B. Brown has been appointed chief executive of the commercial division of BURNETT AND HALLAM-SHIRE HOLDINGS...

Mr. G. G. Luffman has been appointed an assistant secretary of THE LIFE OFFICES ASSOCIATION FROM JANUARY 1.

Mr. Peter A. Magowan, who on December 30 resigned as director and chairman of the executive committee of SAFEWAY STORES INC., U.S.A., has been appointed a member of the executive committee...

Mr. John D. Lyding, newly-appointed manager of the Safeway brands buying supply division, was elected a vice president. Vice president Mr. Stephen Smith, manager of the Safeway brands buying division, retires after 33 years with the company...

Mr. Clifford L. Gant, controller; Mr. Roland Frederick, manager of the Brookside supply division; Mr. Frank D. Stribar, manager of the most operations department; and Mr. Ronald F. Zachary, corporate personnel services division manager, have been elected vice presidents.

Mr. W. F. Bentmann has been appointed a manager of BANK EUROPEISCHER GENOSSENSCHAFTSBANKEN (BEG), the Zurich-based subsidiary of various European banking co-operatives.

Mr. E. Costantini has been appointed a manager in Geneva of BANK ROENER AG, St. Gall.

The Board of LONDON AND CONTINENTAL BANKERS has elected its deputy chairman, Mr. Helmut Gutkardt, to become chairman on April 1 upon the retirement of Lord Shakespeare, who has served as chairman for the past five years...

At PS ASSURANCE on January 1, Mr. Ian M. Campbell becomes pension secretary (he was previously assistant actuary), and Mr. Colin W. McLean investment secretary.

At his own request, Mr. Donald A. Gold, deputy chairman of the BRITANNIA BUILDING SOCIETY, is to relinquish his office from December 31. Mr. Gold, a former chairman of the Building Societies Association, has been deputy chairman of the Britannia since May 1974. He will continue as a main Board director. Mr. P. A. Strutt has been elected to succeed Mr. Gold from January 1. Mr. Strutt's other appointments include chairman and managing director, Tollensche and Cobbold Breweries, and main Board director, Ellerman Lines.

Mr. John White has been appointed deputy chairman and managing director of sterling money brokers BUTLER TILL from January 1, 1980. At the same time Mr. Brian Deebie becomes deputy chairman and joint managing director of foreign exchange and currency deposit brokers GUY BUTLER (INTERNATIONAL) while Mr. Geoffrey Gascoine becomes joint managing director of that company.

Mr. David Pippard and Mr. Gerry Wilton become directors of Butler Till, Mr. Patrick Christmas is appointed finance director, and Mr. Charles Dobson and Mr. Michael Young become assistant directors. At Guy Butler (International), Mr. Charles becomes finance director and Mr. Michael G. Young director for South East Asia and the Middle East. Mr. Peter Clayton, chairman and managing director of Butler Till and Guy Butler, is relinquishing the role of managing director.

CAPE INDUSTRIES have made the following subsidiary board appointments from January 1: Mr. A. W. Fay to be chairman of Don International and Don International S.A. (Belgium) in succession to Mr. P. P. Parkes who remains a non-executive director of both companies. Dr. R. A. Paine to be chairman of Cape Insurance in succession to Mr. W. R. Doughty who remains a non-executive director.

CECIL INVESTMENT TRUST (member of the Touche, Rennehan Management Group) has appointed Mr. Paul Waterhouse as chairman, Mr. Paul Waterhouse as director of Dabcock Johnsons as a director from January 1. Mr. B. C. Owens, founder and chairman of INTERPHONE and its subsidiary Silverthorne Group is to retire from the chairmanship of the company.

Mr. Roland King, partner of Blanchard-Chauveau and Associates, correspondent of the Waterhouse and Company, has been elected honorary treasurer of the BRITISH CHAMBER OF COMMERCE FRANCE in succession to Mr. John Marshall.

Sir Charles Boughtman, chairman of the BRITISH COUNCIL, has accepted an invitation by the Board to continue as chairman for a further two years.

Table with columns: Company bid for, Value of bid per share, Price Value bid, Final Acc'tee date. Lists companies like Scottish Mimos, Spillersoff, Vita Tea, Wallis Fashion, etc.

PRELIMINARY RESULTS

Table with columns: Company, Year to, Pre-tax profit (£000), Earnings* per share (p), Dividends* per share (p). Lists companies like Nunnington (H.), Seafield Gextex, Vertis Stone, etc.

INTERIM STATEMENTS

Table with columns: Company, Half-year to, Pre-tax profit (£000), Interim dividends* per share (p). Lists companies like Amalgamated Ind., Cableform, Wharf Mill, etc.

(Figures in parentheses are for corresponding period.) Dividends shown net except where otherwise stated. * Adjusted for any intervening scrip issue. L.Loss.

Following the move of the architectural division of Tudor Safety Glass Company to Sittingbourne, Kent, the company, part of the Royal Doulton Group, has been divided into two companies with separate management boards.

From January 1 the architectural division will become DOULTON LAMINATED GLASS. The board appointments are: Mr. D. H. Lane, chairman; Mr. G. Barrett, managing director; Mr. A. Newing, works director; and Mr. J. Glazier, marketing director.

Mr. R. E. Lucas has joined the board of JOSEPH LUCAS LIMITED—the executive board of the company. Mr. Lucas, no relation to the founder, joined Lucas CAV of Acton from English Electric as a student apprentice in 1958.

Dr. Robert Saul Binagass, consultant in forensic psychiatry to the West Midlands Regional Health Authority and the Home Office, has been appointed to an honorary Chair of Forensic Psychiatry in the UNIVERSITY OF BIRMINGHAM. He had been postgraduate clinical tutor in this subject since 1967 and is a recognised specialist tutor of the Royal College of Psychiatrists.

HYDRAULIC DRILLING EQUIPMENT (subsidiary of Humphreys and Glasgow) has appointed Mr. R. G. Kersey as managing director and chief executive. Mr. L. H. Green, who previously held the position, has been appointed managing director and chief executive of Humphreys and Glasgow Services, based in London.

Viscount Slim has been appointed the vice-chairman of the ARAB BRITISH CHAMBER OF COMMERCE. The following were elected as members of the Board: Sheikh Abdul Aziz Al-Sagar (president of the Kuwait Chamber of Commerce and Industry); Sheikh Ali Salata (president of the Chamber of Commerce and Industry of the Sultanate of Oman); Lord Chelmsford, Sir Harold Beely, and Sir Richard Beacomot.

At MANSFIELD BREWERY COMPANY, Mr. Richard F. Chadburn has been appointed a non-executive director. He is the son of the chairman of Mansfield Brewery Company, Mr. Robin W. Chadburn.

STAVELEY INDUSTRIES has appointed Mr. Alan Styles as chief executive for the design and marketing companies from January 1. Mr. T. McMillan, director and deputy group chief executive (UK business) of National Westminster Bank, has been appointed a director and deputy chairman of LOMBARD NORTH CENTRAL, the banking group's finance house subsidiary, with effect from January 1. Mr. R. G. Cretty, group secretary, will also become a director of Lombard North Central from the same date.

Mr. Roland King, partner of Blanchard-Chauveau and Associates, correspondent of the Waterhouse and Company, has been elected honorary treasurer of the BRITISH CHAMBER OF COMMERCE FRANCE in succession to Mr. John Marshall.

Mr. Glyn Lloyd, becomes a part-time member of the BRITISH TOURIST AUTHORITY for a period of two years from January 1. Viscount Garnek is re-appointed for a further period of three years from the same date.

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Scottish Trust to run Iona

THE ISLAND of Iona is, after all, to be administered for the nation by the National Trust for Scotland, it was announced yesterday.

Iona, the cradle of Christianity for Scotland and the North of England and still a place of pilgrimage for thousands of people, was bought for £1.5m six months ago by the Fraser Foundation in memory of the late Lord Fraser of Allander, founder of the House of Fraser stores group.

There was intense commercial interest in the island and bids were received from all over the world. But the Fraser Foundation wanted Iona to go to the nation.

The sellers, the trustees of the tenth Duke of Argyll, stipulated that it must not be administered by the National Trust, since this would be against the wishes of the islanders, who feared that it might become a living museum. The Government said it would accept and administer the island, but only if another suitable body could be found.

Living standard

A spokesman for the Argyll Estates said: "The Scottish Office was not able to find any other agency able to handle the island properly. The present Duke has been in touch with the islanders personally to explain it to them."

The National Trust for Scotland said that it would declare Iona "inalienable," meaning that it could not be offered for sale again without the permission of Parliament.

"As on Fair Isle, which the trust also administers, the object will be to ensure that the island enjoys a standard of living comparable with that of similar rural communities on the mainland."

The Fraser Foundation has endowed the island with £150,000 to pay for maintenance costs. It was also announced yesterday that the appeal for £500,000 by the trustees of the Iona Cathedral and other ancient monuments has passed the halfway mark and work will begin soon to make the buildings weather-proof.

Mr. Bill Barnard, head of ASTON MARTIN'S service department, has been appointed acting chief executive for the company. Mr. John Symonds, who became chief executive in October, has been involved in a car accident and will be away from the factory until the New Year.

MASSACHUSETTS PORT AUTHORITY has appointed Mr. Frank J. Roovers as director general for Europe and Africa and Mr. Philippe T. Linders as marketing manager, based at Bergerhout, Belgium.

The BARTLETT GROUP, Broadway Hall, Horsforth, Leeds, has made the following appointments to the boards of group companies: Bartlett and Co. (Northern)—Mr. Robin Lock and Mr. Peter Hattersley; Bartlett and Co. Life Assurance—Mr. David Brickell; Bartlett Newbridge Credit—Mr. Les Foutler.

At THE HONGKONG AND SHANGHAI BANKING CORPORATION, Mr. A. S. Mills, who is retiring, has been succeeded by Mr. A. C. R. Chappell as London manager.

Mr. E. A. Lucas has been appointed group joint managing director of CAWDWAD INDUSTRIES TRIAL HOLDINGS from January 2.

Mr. V. P. Fleming has been elected a director of the NORTH AMERICAN TRUST COMPANY. Mr. H. S. Speas did not seek re-election. Mr. Fleming has also been appointed to the board of the First Scottish American Trust Company following the resignation of Mr. Spens.

Mr. Edwin John Morgan becomes a Civil Service Commissioner from January 2. He succeeds Mr. Sidney David Light as under-secretary in general charge of recruitment policy and in local charge of the CIVIL SERVICE COMMISSION'S Basingstoke office.

Mr. Glyn Lloyd, becomes a part-time member of the BRITISH TOURIST AUTHORITY for a period of two years from January 1. Viscount Garnek is re-appointed for a further period of three years from the same date.

STORM CONES have been hoisted over Britain's boat industry just before the 26th International Boat Show at Earls Court (January 3 to 13). A new independent survey* distributed by the Design Council warns that the industry could be destroyed by foreign competition in the same way as the British motor cycle industry was.

On the face of things the boat industry has just had its best year ever. The Ship and Boat Builders National Federation will report at Earls Court a record annual turnover of more than £500m. But the industry has suffered a 5 per cent fall in export sales to below £100m a year after nearly 30 years of uninterrupted success with sales abroad. And in the home market it is facing intense competition from imported boats, engines, and equipment.

The survey by Mr. Michael O'Connor of the London Business School, states that the British small boat industry is fragmented with too many types of product and too many producers, and is thus highly vulnerable to foreign industries determined to compete on design and price. The report warns that the industry, because of its present structure of numerous small companies, is vulnerable to overseas companies establishing manufacturing bases in Britain. "The industry is fragmented and is thus vulnerable to high volume and low cost producers who could design for a capital intensive cost reduction process and pass on the benefits to the consumer in low prices. This would in turn bring more people into boating. It is likely to begin in the small boat or mass market segments." Drawing the parallel with the decline of the motor cycle industry the report states, "Fragmented industries by their nature are vulnerable. They fail to have any coordinated presence to respond to external competition. That is borne out by the collapse of the British motor-cycle industry in the 1960s. Japanese companies competing on design and price expanded a low-cost market segment in low-cost 50cc motor cycles before moving up-market segment by segment. In boat-building a similar situation can be averted if the

Transport's energy needs increasing

BY LYNTON MCLAIN

ENERGY CONSUMPTION by all forms of transport in Britain rose by a third in 1968-1978—over six times faster than total energy consumption—according to Government figures published yesterday.

Total energy consumption fell by almost a tenth after the Middle East war of 1973, twice the fall in the transport sector. Transport was also quicker to recover from rapidly rising fuel prices. By 1977 the consumption of energy by transport had fully recovered from the effects of the 1973 crisis. In the British economy as a whole, however, total consumption of energy last year was still below the peak in 1973.

In a statistical review of transport since 1968, the Transport Department shows other effects of the Middle East war.

Road goods vehicles carried 12 per cent less tonnage last year than 10 years earlier. Nevertheless, the total volume of activity by commercial vehicles, measured in tonne-kilometres, rose 25 per cent over the period, reflecting a steady rise in the average length of haul by road. Lorries carried 83 per cent by weight of all freight last

year, a 2 per centage points fall from 1968. Rail carried less than a tenth of all freight, a fall of 1 per centage point from 1968. Pipelines and coastal shipping increased their shares of goods transport to 4 per cent and 3 per cent respectively from 1.6 per cent and 2.6 per cent. For the first time since 1971 own-account operations carried more goods than the public haulage contractors, as more industrial and commercial companies developed their own transport fleets.

The heaviest goods vehicles—the 85,000 over 28 tonnes gross weight—account for less than 6 per cent of goods vehicles, but they moved 61 per cent of freight measured by tonne-kilometres. Passenger travel in Britain by all means rose by a quarter in the period to 1978. The share of travel by private transport rose from 74 to 81 per cent; the proportion of bus and coach travel fell from 15 per cent to 11 per cent and rail travel fell 2 per centage points to 7 per cent. Bicycles accounted for 1 per cent, and air travel accounted for 3 per cent of the total passenger-kilometres over the 10-year period.

"Transport Statistics Great Britain 1968-1978," HMSO £7.95.

challenge on 'black economy' committee has written to Sir William, telling him that he should explain how he came to the conclusions he gave the House of Commons expenditure committee in March, or withdraw the statement. "Nothing will encourage the growth of evasion more than the conviction that lots of others are getting away with it."

LRC aims for more inflation in the balloon business

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

BY THE END of Twelfth Night, over 200m or so balloons will have been inflated and burst as part of the Christmas and New Year celebrations. Balloons of all shapes, sizes, and colours are a traditional part of the seasonal festivities, and about seven out of every ten balloons are bought at Christmas.

But the balloon industry, which has retail sales of about £4m a year, is keen to change the British consumer's balloon buying habits. A particular impetus for change is coming from LRC Products, the consumer goods division of LRC International. LRC Products recently took over the sales and marketing responsibility for Lewis Knight, another LRC subsidiary, which is the major balloon manufacturer in the UK.

LRC Products thus dominates the UK market for balloons and, although reluctant to reveal its market share, is understood to have at least three-quarters of the market. Rather than putting all its balloons in one basket at Christmas, LRC is endeavouring to stimulate more sales throughout the rest of the year. It sees the potential for the balloon extending from

mainly a Christmas decoration to being regarded as a toy throughout the year. In Europe, for example, balloons are bought almost exclusively through toy shops throughout the year. In the UK, however, balloons are usually sold through small confectioners, tobacconists, and newsagents (the CTN trade) or grocery stores rather than solely through toy shops.

The problem with changing the image of balloons is that they are such a high volume, low value product. They retail for about 2p each which, when VAT and retailers' profit margins are taken into account, means that each balloon has to cost the manufacturer only a fraction of a penny to produce. Meanwhile, foreign producers with low labour costs, especially from Mexico, are willing in the wings to supply the UK market. If British producers are to compete more effectively, they must produce a penny to produce. Meanwhile, foreign producers with low labour costs, especially from Mexico, are willing in the wings to supply the UK market.

LRC's plans for giving the balloons a new image in the 1980s are basically two-fold. Firstly, it believes that greater character merchandising—such as using Walt Disney characters printed on balloons—can add much to the appeal for children. In addition, differently shaped balloons with names such as "Kenky Clown" or "Katy Pillar" are made specifically as children's toys.

Co-operative Bank customers who keep their current accounts in credit will still not be liable to bank charges next year, said Mr. Lewis Lee, chief general manager.

Last year the Co-op stopped giving interest on current accounts that were in credit.

No charge for credit clients

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BOAT SHOW PREVIEW

Arming against a sea of troubles



Lynton Marina

In a bid to encourage more families to take to the water, Waterways weekends will be staged with music, food and wine provided, and a choice of up to 30 boats to be sailed. Meanwhile, the federation is seeking ways to make additional

monings facilities available on Britain's crowded South Coast. Management and Design in British Small Boat Industry. By Michael O'Connor, London Business School. Available from The Design Council.

The world's largest fund group FIDELITY have just launched four new Unit Trusts:

Fidelity American Trust Fidelity Fixed Interest Trust - 13.3% Fidelity Growth + Income Trust - 7.8% Fidelity Special Situations Trust

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Indespension The National Trailer Company. 0800 15 07 07. 0800 15 07 07. 0800 15 07 07. 0800 15 07 07. 0800 15 07 07. 0800 15 07 07. 0800 15 07 07. 0800 15 07 07. 0800 15 07 07. 0800 15 07 07.

Indespension have a range of 35 boat and canoe trailers to suit over 400 types of boats and offer 3 WAYS TO BUY... 1. Buy a complete trailer. 2. Build a trailer from a kit of new parts. 3. DRAMATIC SAVINGS... be made with this method using new parts with second-hand wheels and hubs.

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Companies and Markets

WORLD STOCK MARKETS

Early Wall St. little changed

NEW YORK

Table of stock prices for various companies in New York, including AMF, AM Int, ARA, etc.

Table of stock prices for various companies, including Columbia Gas, Con. Int. Am., etc.

Table of stock prices for various companies, including Mezz Petroleum, MIM, etc.

PRICES CONTINUED

to move within a very narrow range in modern trading on Wall Street yesterday.

Composite Index

rose 6.7 to 1,805.3. The Oil and Gas Index moved up 2.3 to 375.2.

Germany

Leadoff shares mixed after trading quietly. In Motors, BMW rose DM 3.50.

Amsterdam

Prices held firm in extremely slow trading. Only a few technical operations were carried out.

Brussels

Belgian prices were mixed to quiet trading. Aree, which announced a preliminary dividend to cut the working week, held unchanged.

Indices

Table of various stock indices including Dow Jones, S&P 500, etc.

NEW YORK - DOW JONES

Table of Dow Jones index components and their prices.

London

Prices closed higher, led by Energy and Gold issues to thin trading.

Paris

French shares fell in calm trading, influenced by the situation in Afghanistan and Iran.

Stocks

Most active Dome Petroleum rose \$1 to \$46 1/2.

Canada

Markets were broadly higher in active trading around noon yesterday.

Belgium

Prices were mixed to quiet trading.

STANDARD AND POORS

Table of Standard and Poors index components.

NEW YORK ACTIVE STOCKS

Table of active stock prices in New York.

Canada

Markets were broadly higher in active trading around noon yesterday.

Belgium (continued)

Table of Belgian stock prices.

HOLLAND

Table of Dutch stock prices.

AUSTRALIA

Table of Australian stock prices.

JAPAN (continued)

Table of Japanese stock prices.

CANADA

Table of Canadian stock prices.

FRANCE

Table of French stock prices.

FRANCE (continued)

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INTERNATIONAL COMPANIES and FINANCE

Companies and Markets

More Swiss franc issues likely by World Bank

By John Wicks in Zurich
THE WORLD BANK may be about to place additional Swiss franc paper with central banks, according to the Swiss National Bank chairman Dr. Fritz Leutwiler.

The condition is laid down that the World Bank should obtain the necessary Swiss francs from the Swiss National Bank and not on the foreign exchange market.

The national bank, he said, was considering the issue at some later date and "at similar conditions" of paper of its own to foreign central banks.

Dr. Leutwiler said that he did not see the possibility of other developments in banks carrying out similar Swiss franc issues.

With regard to Swiss links to the Saudi Arabian Monetary Agency (SAMA), Dr. Leutwiler said there had been close co-operation for about five years.

It was agreed that SAMA should buy no Swiss francs without giving the Swiss the option to carry out the necessary dollar-Swiss franc operations outside the market.

He stressed that SAMA had exercised remarkable reserve in the past year and shown hardly any interest in the purchase of additional Swiss francs.

In the future, he said, it seemed likely that the Saudi agency would remain very restrained in the diversification of reserves.

Van Gelder bondholders asked to extend financing

By Charles Batchelor in Amsterdam

VAN GELDER PAPIER, the Dutch papermaker, yesterday said that it plans to delay the repayment of its outstanding FI 50m (\$86m) debenture loan in order to finance its restructuring programme.

The company, which has been taking measures for the past four years to return to profitability, said that there was no question of it not being able to repay the loan.

The TREND towards greater concentration in the French retail sector has been taken a further step forward with the announcement of a planned merger between two food store groups, Docks de France and La Ruche Picarde.

A share exchange offer by Docks de France, the larger of the two, has been approved by the Board of La Ruche Picarde, which controls 56 per cent of the capital.

The deal will involve an issue of convertible bonds by Docks de France, leaving a balance to be paid in cash.

German Mobil less optimistic

FRANKFURT—Mobil Oil AG, the West German subsidiary of Mobil Oil of the U.S., has revised downwards its projected 1979 net profit to between DM 260m and DM 290m from a previously forecast DM 290m to DM 340m.

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Adam Opel sees higher overall demand

By Guy Hawtin in Frankfurt

ADAM OPEL, one of West Germany's largest car manufacturers, has had a record year for sales despite a fall in demand during the fourth quarter which involved short-time working.

Total car registrations in the West German market are forecast by Opel at 2.5m. This compares with 2.5m or so in 1978.

DELHAIZE stores chain, Societe Delhaize, says profits before depreciation for the first 11 months of 1979 were unchanged on a gain in sales of 11 per cent.

BEELIAN stores chain, Societe Beelien, says profits before depreciation for the first 11 months of 1979 were unchanged on a gain in sales of 11 per cent.

Dividend raised at NMB

By our Amsterdam correspondent

NET PROFITS for 1979 at Nederlandsche Middenstands-bank (NMB), the fourth largest Dutch bank, are expected to be higher than the FI 125.8m (\$66m) in 1978.

AMERICAN METALS: The market for American metals was mixed with silver, gold, platinum and palladium all showing gains.

COFFEE: The market for coffee was mixed with Arabica coffee showing gains and Robusta coffee showing losses.

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French store groups to merge

By David White in Paris

approval by the authorities. The merger will create one of the highest food distribution chains in France, alongside the Casino group.

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Bunker Hunt family takes stake in securities house

By Stewart Fleming in New York

TEXAS OIL millionaires, Mr. Nelson Bunker Hunt and his brother, Mr. W. Herbert Hunt, have bought a shareholding in the New York investment banking firm of Bache group, reportedly some 3 per cent of the equity.

The step follows moves by Bache to try to avert the possibility that a Canadian group, Bel-Fran Investments of Vancouver, might bid for control of the company.

McDONNELL extends legal battle against Northrop. Douglas Corporation extended a long-running legal feud with Northrop Corporation, a large manufacturer of military aircraft, by filing a \$100m counter-suit against Northrop.

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Investment plan to go ahead at Koor

By L. Daniel in Tel Aviv

KOOR—THE 100-plant industrial holding company of the Israel Labour Federation—is to go ahead with its investment programme, despite the credit squeeze which has led some Israeli plants already to consider curbing production and the postponement of expansion projects.

The company intends to invest between \$50m and \$70m annually, during the next three years, in new enterprises and in the expansion of existing ones, according to General Y. Lavish, deputy director.

One of the results of Finance Minister Hurvich's cuts—designed to slow the country's 100 per cent plus rate of inflation—would be even greater concentration by Koor on export markets.

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Fuel costs hit Northwest

By our Financial Staff

SHARP increases in the cost of fuel have dented earnings at Northwest Airline of the U.S. during the month of November. At the per share level profits have fallen to 9 cents from 25 cents.

Over the first 11 months of the year the airline remains comfortably ahead of 1978, however, its earnings are running at \$3.41 against \$2.82. Revenues for the 11 months were \$1.2bn compared to \$707m, while operating expenses rose to \$1.13bn from \$866m.

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COMMODITIES REVIEW OF THE YEAR

Star performers

STAR PERFORMERS in the commodity markets this year were undoubtedly the precious metals—gold, silver and platinum—and an astonishing rally by sugar in the last six months.

Silver was the most spectacular. It fell to a low of 270p early in the year, reached 400p in August, but yesterday hit a record 1,249.75p a troy ounce. Not far behind was gold, which during the year jumped from \$216 a fine ounce to an all-time peak of \$511 this week.

The dramatic rise in precious metals reflected the major influence affecting all the commodity markets—the increased price of oil and the decline in the value of the dollar, resulting in a sharp increase in current and further inflation.

Base metals were heavily influenced by these factors, but were restrained by the prospect of the higher oil prices bringing an industrial recession and a decline in demand. Nevertheless copper moved up strongly, especially during the early part of the year when it peaked at \$1.20 a pound.

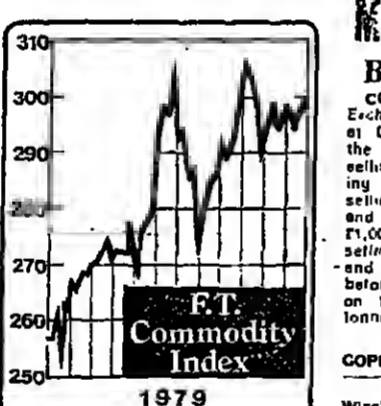
Encouraging the upward trend was a steady fall in stocks. LME warehouse holdings of copper declined every week dropping from over 370,000 tonnes to the present total of just over 100,000 tonnes. Reduced shipments from the African copperbelt were the main cause of the stocks decline.

Lead and zinc followed a similar pattern: prices were firm in the first half but lost ground subsequently. Tin, however, was surprisingly strong. This week the Straits tin price in Penang reached a record \$32,138 a picul, despite the U.S. Congress, recently approving the sale of 35,000 tons of surplus tin from the world's stocks.

World sugar prices almost doubled this year. The London daily raws price, which fell to a low of \$92.5 in July, reached a peak of \$182 on Thursday before easing yesterday to \$179 a tonne.

The basic factor behind the rise from very depressed levels was the prospect of a production deficit of some 3m tonnes this season after several years of surplus building up stocks. Shortfalls in Russia, Cuba and other leading producing countries were the offset another big BEC beet crop.

The upsurge was influenced by increased buying, particularly by China, Russia and more recently Iran. Coffee prices have also risen, though far less dramatically. Having started this year at about \$1,200 a tonne, robusta coffee futures rose to \$2,089 a tonne in June encouraged by a drought in the Ivory Coast. But this peak was not maintained for long and at yesterday's close March delivery coffee was quoted at \$1,590.5 a tonne.



Commodity Index 1979

MARKET REPORTS

BASE METALS

COPPER—Earlier on the London Metal Exchange, forward metal offered lower values. Copper rose to 100.00p, the price-market following Continental selling, to the large small stock, but new deliveries to the market, selling pressure built up on the LME and depressed the market below the 100.00p level.

WHEAT—The market for wheat was mixed with hard wheat showing gains and soft wheat showing losses. The market for wheat was mixed with hard wheat showing gains and soft wheat showing losses.

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AMERICAN MARKETS

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UK NEWS

FMC pledge to stay at Calne

BY RICHARD MOONEY

FMC, BRITAIN'S biggest bacon curer, is studying ways of improving productivity and reducing costs at its Calne, Wiltshire, factory.

The C. and T. Harris (Calne) factory has been in trouble for some time. "It is a very old factory," FMC said, "and therefore is very costly to operate."

Rising pig prices and poor supplies for curing because of the strength of the pork market have made things even more difficult recently. British curers find it difficult to obtain pig supplies because they must compete with bacon imports from Denmark and Holland aided by EEC subsidies.

The company was anxious to correct the impression given by some press reports after the publication of the interim report earlier this month that the factory would close soon.

"Production will continue at Calne," said the statement. "It is our intention to consult the trade union representatives of our employees before any decisions are taken which affect employment at Calne. Consultation will take place as soon as possible in the New Year."

Training rules for new GPs

ALL DOCTORS entering general practice in the National Health Service will have to undertake vocational training under regulations laid before Parliament and operating from February 1, 1980.

From August 1982, when the second stage of the regulations begins, doctors will have to receive three years' training, including at least 12 months as a trainee GP, followed by two six-month periods in other posts.

CORAL INDEX: Close 415-420 (+3)

INSURANCE BASE RATES

Table with 2 columns: Insurance type and rate. Includes Property Growth (13%), Vanburgh Guaranteed (14.5%), and Address shown under Insurance and Property Table.

EUROPEAN OPTIONS EXCHANGE

Table with columns: Series, Vol., Jan., Last, Vol., April, Last, Vol., July, Last, Stock. Lists various options for companies like ASB, AMN, ARN, etc.

BASE LENDING RATES

Table with 2 columns: Bank name and rate. Lists banks like A.B.N. Bank, Allied Irish Bank, Amro Bank, etc.

ROYAL MINT PLANS U.S. SALES OFFICE

Making overseas coins earns £49m for Britain

BY TIM DICKSON

STRANGERS, complains Dr. Jeremy Gerhard, often hold him personally responsible for increases in the money supply. Such allegations, he admits, are inevitable if you are deputy master and chief executive of the Royal Mint, though they must be particularly galling now when monetarist convictions are strong.

Circulating coin, which is manufactured in large quantities by the Royal Mint, accounts for only a tiny percentage of Sterling M3, the most widely accepted definition of money supply in the UK.

Misconceptions like this, Dr. Gerhard says, reflect a more general misunderstanding of the Royal Mint's role. In particular, he likes to remind people, the Mint does much more than merely churn out coins for circulation in the UK.

Of its £88m sales in the year to the end of March, 1979, almost £49m, or 72 per cent, was made for countries outside the UK. In the same period coins were minted for 69 countries as geographically diverse as Libya, Iceland, the Falkland Islands and Papua New Guinea. And just to prove that its horizons stretch well beyond the shores of the UK a decision was made this year to open an office in the expanding market of North

the same period dividends amounting to £9.1m have been declared, providing an annual average yield of 32.5 per cent on the taxpayers' dividend capital of £28m.

Constitutionally the Royal Mint is an unusual creature. It has been a Government Department since 1829. But under the Government Trading Funds Act, 1973, it is now required to operate on a commercial basis and publish audited accounts.

Other "trading funds" which have been established are the Royal Ordnance Factories, which are part of the Ministry of Defence, and the Supplies Division of the Property Services Agency. Of these the Royal Mint alone is a separate Government Department.

The Mint's prime responsibility is the design, production and distribution of UK coins—it has nothing to do with the issue of bank notes, a function handled by the Bank of England. But, as its sales figures show, the bulk of its business is overseas, where it competes with government and private sector mints. Besides producing circulating coins, the Royal Mint has a thriving business making and selling collectors' coins, medals and medallions to governments, overseas agencies and members of the public in the UK.

The well publicised proof sovereign issue announced in October—it will be the first to be made directly available to the public since 1937—is only one of hundreds of commemorative issues bought enthusiastically by numismatists every year.

Here the Royal Mint arrived where, Llantisant was a small community about 12 miles from Cardiff at the south end of the Rhonda valley, distinguished only by reputedly being the site of the first cremation in modern times in the UK. Today the main part of a hill bypassed by a road and a railway line stands sadly and deserted perhaps like other villages in the Rhonda to slip into obscurity.

The Royal Mint lies about half a mile away where its premises and 1,400 staff occupy a 30-acre site on a small industrial estate.

At the visitor notices is the vast amount of car parking space.

Llantisant was chosen as the new headquarters of the Royal Mint primarily because of the decline of the local coal industry and the increasingly serious unemployment problem of the surrounding area. Today only one pit remains to remind inhabitants of their famous past. Many of the Mint's employees are ex-miners and most drive at least five to ten miles to work.

Although allowed to peddle its technology to other people, the Mint is not allowed to make other products—hence the need recently to turn away an inquirer wishing to market model ducks.

The Royal Mint is required to earn an average of not less than 15 per cent a year on capital employed on an inflation adjusted basis. The inflation adjustment is related to fixed assets only so that the greatest capital employed at March 31 this year was £25,422m. Last year's operating surplus, less transfer to asset replacement reserve of £5,574m, represents a 21.9 per cent return on the inflation adjusted capital.

Current cost adjustments, however, reduce the operating surplus to £1,28m, resulting in a return on this basis of nearer 17 per cent.

If nothing else the figures are a useful Treasury guideline. The Royal Mint's annual remuneration from the Treasury is worked out under a complicated formula but the basic principle is that it is always less than the 15 per cent return on the national capital required to carry out the UK coinage contract. In this way the Mint has to do better on its other UK and overseas business in order to meet the 15 per cent target.

As Dr. Gerhard puts it: "This is a way of ensuring that we are not taking the Treasury to the cleaners by charging it more than other customers."

All UK circulating coins have to be produced at Llantisant but, in an interesting piece of

collaboration between a Government department and the private sector, the Mint carries on some of its overseas business through a consortium.

The Royal Mint and De La Rue—a major private sector manufacturer of bank notes—collaborate in overseas marketing of coins, and BIL and Birmingham Mint Productions—a small private Mint—produce under Royal Mint supervision a substantial proportion of the overseas coin business it obtains.

Sovereigns

Sovereigns are manufactured in a separate unit at the Royal Mint where, for security reasons, overseas sales are handled when they are at work. The store of gold ingots stocked in these premises is not the only temptation—gold dust is assiduously swept up and used again.

Proof coins—including proof sovereigns—are also manufactured separately. Proof coins that take longer to produce involve a more painstaking preparation and require a better finish.

The Royal Mint's 12-month £6.3m operating surplus in 1978-79 against £4.7m the previous year and £7.3m in 1978-79—was largely offset by the buoyant sales of ordinary circulating coins and particularly on the overseas demand for gold coins.

"We started the year expecting to have a difficult time in the ordinary coin market and a good year with collectors' items," as it turned out the order book for ordinary coins has reached record levels while sales of proof coins have been disappointing," Dr. Gerhard says.

Demand for the Royal Mint's products can be very uncertain. One or two big orders can significantly change the final outlook. The Royal Mint's important contract with the Treasury is secure—nobody else is permitted by law to mint UK coins—but there is plenty of competition elsewhere.

One potential problem is the number of overseas contracts just as a result of client countries deciding to mint their own coins. Dr. Gerhard admits this constant danger but points out that new orders at the moment are more than making up for old ones.

On the proof coin side, the Mint is broadly in competition with other "collectables" and alternative investments.

Given some of the longer term uncertainties, the Royal Mint might conceivably diversify its operations were it in the private sector. Under existing legislation, however, it is obliged to stick to "coins, medals, seals and related things."

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Ministry decides water is a food

BY CHRISTOPHER PARKES

Is water a food? The Agriculture Ministry's Food Standards Committee thinks it is, and suggests that the formal definition of food in the Food and Drugs Act should be amended to include it.

The aim of the amendment, the committee says in its report on food labelling, is "to make clear that water behaves as a food in that it takes an active part in nutrition and is not merely a carrier for nutrients."

This is potentially contentious new for food technologists, particularly in the processed meat business, who have developed techniques by which they can increase the weight—or "succulence" as some call it—of cooked ham by up to 20 per cent by the addition of

More helpfully for consumers, the committee also recommends closer control on labels over the use of the word flavour.

"If any of the flavour is derived from artificial flavour, the word 'flavour' must immediately follow the name of the food in letters of the same size, style and colour," the report says.

Flavour

It adds that manufacturers should be barred from illustrating their packs with pictures of natural foods when the flavour of the contents is not wholly derived from the natural product.

"The shape of a container should not suggest a particular food, etc. if the flavour of that fruit is of all imported by artificial flavour," the report says.

And the committee considers it essential that melons should be marked with their variety name and that elder makers should be prevented from using the term "vintage" on their labels.

The fishermen's slab has also come under scrutiny. The committee investigators have discovered that the smoked salmon on the consumer's table is not always quite what the buyer might expect.

The lovely genus *Oncorhynchus*—Pacific or Canadian salmon—cheaper than that fishy, gamey aristocrat *Salmo*—used for most smoked salmon.

"We have been told that the description 'smoked Scotch salmon' may sometimes be used misleadingly to describe the product," made from *Oncorhynchus*, the committee says.

Premium

A cheap raw material is transformed, with the help of the Scotch label, into a premium, high-price product. To help consumers, the committee says, the title "smoked salmon" should be reserved for *Salmo* fish, while smoked fish of the other genus should have a qualified denomination. "Smoked ocean salmon" is suggested.

At the bottom end of the fishy scale, the committee recommends: "Slid should in future be used for small *Clupea harengus* and small *Sprattus sprattus*, but only when canned."

Food Standards Committee Second Report on Food Labelling, HMSO, £3.75.

Slight fall in furniture deliveries

By James McDonald

DOMESTIC furniture deliveries during October have been provisionally estimated by the Industry Department at £107.3m at current prices, compared with £95m in September and £86.1m in October 1978.

This gives a seasonally-adjusted index of deliveries (1973=100) for the month of 108-77 per cent lower in September but nearly 5 per cent higher than in October last year.

The average index of deliveries for the three months, August to October, at 111, was 6.1 per cent lower than the revised figure for the previous three months but 1.8 per cent higher than the figure for the same period in 1978.

The Department's index of orders-on-hand, on a seasonally-adjusted basis, was provisionally 86 at the end of October—5.4 per cent lower than at the end of September and nearly 9.5 per cent less than a year earlier.

The average for the three months August to October was provisionally 94, a fall of 5 per cent from the previous three months but 4.3 per cent higher than the corresponding period in 1978.

Stock Exchange dealings

Table with 2 columns: Date and price. Shows daily stock exchange dealings from Thursday, December 27 to Thursday, December 20.

The list below gives the prices at which bargains were done by members of the Stock Exchange and recorded in last Thursday's Stock Exchange Daily Official List. For those securities not mentioned in Thursday's List, we show the latest markings recorded during the previous four business days; these are distinguished by the date shown in parentheses.

The number of dealings recorded on Thursday in each section follows the name of the section. Unless otherwise denoted, shares are £1 fully paid and stock £100 fully paid.

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Stock Exchange

Table with 2 columns: Denomination and price. Shows active stocks from yesterday.

ACTIVE STOCKS

YESTERDAY—

Table with 5 columns: Stock, Denomination, Closing price, Change, 1979 high, 1979 low. Lists various stocks like BP, Burmah Oil, etc.

ON THE WEEK—

Table with 5 columns: Stock, Denomination, Closing

Table of financial data including company names and stock prices, such as British Petroleum, Shell, and various industrial firms.

Table of financial data, likely a continuation of the previous table, listing various companies and their market values.

Table of financial data, continuing the list of companies and their corresponding financial metrics.

Table of financial data, providing further details on company performance and market activity.

Table of financial data, including information on various financial instruments and market trends.

Table of financial data, detailing company-specific financial results and market movements.

Table of financial data, focusing on specific market segments and company shares.

Table of financial data, providing a summary of key financial indicators and market news.

Table of financial data, detailing the performance of various financial products and services.

Table of financial data, including information on international markets and currency exchange rates.

Table of financial data, focusing on the performance of major financial institutions and banks.

Table of financial data, providing a comprehensive overview of the financial market's current state.

Table of financial data, detailing the performance of various financial assets and instruments.

Article titled 'RULE 163 (1) (e) Applications granted for specific bargains in securities not listed on any Stock Exchange.' Discusses regulatory changes and market implications.

Article titled 'RULE 163 (2) (a) Bargains marked in securities which are quoted or listed on an Overseas Stock Exchange.' Discusses international market regulations.

Article titled 'RULE 163 (3) Bargains marked for approved companies engaged solely in mineral exploration.' Discusses rules for mining and exploration companies.

Section titled 'CURRENCIES, MONEY AND GOLD'. Discusses the dollar's performance, gold prices, and international market movements.

Section titled 'THE POUND SPOT AND FORWARD GOLD'. Provides data on gold prices and exchange rates for the pound.

Table titled 'EXCHANGE CROSS RATES' showing exchange rates for various currencies including the US Dollar, Swiss Franc, and Japanese Yen.

Table titled 'LONDON MONEY RATES' showing interest rates for various financial instruments in the London market.

Table titled 'CURRENCY MOVEMENTS' showing the performance of various currencies and their exchange rates.

Table titled 'EURO-CURRENCY INTEREST RATES' showing interest rates for Euro-denominated financial products.

Table titled 'OTHER MARKETS' providing data on various international markets and commodity prices.

Table titled 'EMS EUROPEAN CURRENCY UNIT RATES' showing exchange rates for the European Monetary Unit (EMU).

Table titled 'U.K. CONVERTIBLE STOCKS 28/12/79' listing convertible stocks and their market values.

Footnote and explanatory text for the U.K. Convertible Stocks table, detailing conversion terms and market conditions.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Table listing various unit trusts such as Dietschmann Unit Fund Managers, Mayflower Management Co. Ltd., and others, with columns for fund names and values.

Table listing unit trusts under categories like Stewart Unit Trust Managers Ltd., City of Westminster Assn. Co. Ltd., and others, including details on fund types and performance.

Table listing unit trusts under categories like Scottish Widows Group, Standard Life Assurance Limited, and others, providing information on investment strategies and fund details.

Table listing unit trusts under categories like Capital International S.A., Charterhouse Capital, and others, detailing international and specialized investment funds.

INSURANCE PROPERTY BONDS

Table listing insurance and property bond products, including details on policy types, coverage, and providers.

OFFSHORE & OVERSEAS FUNDS

Table listing offshore and overseas investment funds, detailing international exposure and fund characteristics.

NOTES: Information regarding fund performance, risks, and general terms of service.

Continued on previous page



Choosing the man of the decade

BY MALCOLM RUTHERFORD

THE FINANCIAL TIMES first named a man of the year in 1970 when the choice was M. Jean Rey, president of the Brussels Commission.



THREE CANDIDATES: Professor Milton Friedman, U.S. economist (left), Mr. Soichiro Honda, founder of Honda Motor Company of Japan (middle), and President Anwar Sadat of Egypt (right).

In retrospect, one or two of the decisions look a little odd. M. Rey, one of the founding fathers of the European Community, was an admirable man, but there is no particular reason to think that 1970 was the year of his greatest achievements.

Even odder was the verdict recorded on Harold Wilson after the two general elections in 1974. "A serious consideration of the possible alternatives," wrote, "leads to the conclusion that Mr. Wilson may very well be the most convincing leader that Western democracy can display at the present time."

development of the chip was a cumulative process which is not yet complete. On the more popular level of engineering there is a candidate in Mr. Soichiro Honda, now "supreme adviser" to the company which bears his name.

Other sciences, including medicine, appear to have produced no epoch-making discoveries and in so far as they have broken new ground we have become increasingly aware of the cost of development.

of note. It is not matched by any comparable economic, or political, success at home. His succession remains in doubt, a man with a mark on Soviet history.

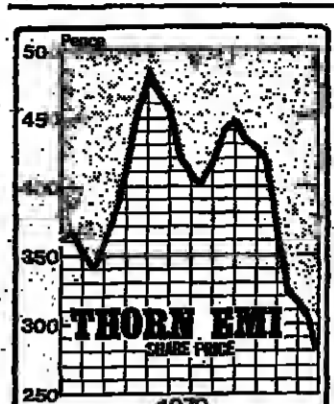
Yet the situation in the Middle East remains precarious. The peace treaty split the Arab world without resolving the Palestinian question, and the Egyptian economy has failed to respond to the promise of take-off.

THE LEX COLUMN

A prickly time for Thorn

Since Thorn sprung its first offer for EMI in a sceptical world in October, its share price has declined from 420p to 280p, a drop of 33 per cent.

Index rose 3.1 to 417.8



At yesterday's price, Thorn combined with EMI has a market capitalisation of £561m, compared with £587m for Thorn alone in October. Adjusting for the fall in the All-Share market by implication estimates the value of EMI to Thorn at just below £25m.

place. The implication is that Grand Met is considering going further and wants to keep all its options open. It is, after all, no secret that the group is looking for U.S. acquisitions.

have to disclose his identity under the 5 per cent rule). The success of the issue was clearly not overwhelming, particularly as European Ferries had committed £0.5m of the £1.4m in advance.

Including the outstanding deferred shares and commitments by European Ferries, Thermo-Skyships can count on about £2.7m in equity. It is planning to raise more, up to a maximum of £8m. Future issues could be easier if the project continues on schedule.

Corporate awards Weeks of excitement in the City reach a climax today with the announcement of the Lex awards for corporate achievement in the 1970s.

More petrol prices rise

BY SUE CAMERON

SIX OIL companies, following the lead of Esso on Thursday, have raised prices of their petrol and other oil products. The increases in wholesale prices of four-star petrol of between 1.5p and 2.2p a gallon will mean about 9p extra on pump prices.

when the meeting's full impact on crude prices became clear, a further rise in the price of petrol and other oil products is almost certain. BP Oil has put up its wholesale price of four-star petrol by 1.8p a gallon, economy by 2.3p, regular by 2.7p, derv by 2.7p, gas oil by 3p, all grades of kerosene by 2.7p, light fuel oil by 2.7p, medium fuel oil by 2.5p and heavy fuel oil by 2.3p.

State aids councils hit by floods

FINANCIAL TIMES REPORTER

THE GOVERNMENT yesterday promised cash aid to local authorities facing big bills as a result of Thursday's storm damage, which hit many areas in Britain, particularly South Wales and South-West England.

Wiltshire, the town centres of Trowbridge and Bradford-on-Avon were blocked by river floodwater. Cumbria had an average week's rainfall in 24 hours and floods of up to six feet in some places.

Lloyd's drops plan to curb syndicates

BY JOHN MOORE

LOYD'S OF LONDON, the UK's leading insurance market, has abandoned attempts to prevent any single underwriting syndicate securing a dominant position in one type of insurance business.

come after lobbying by some of the most powerful underwriters and other Lloyd's interests in the market and marks a victory for the traditionalists. In June, Mr. Findlay had said that "it would be detrimental for any one syndicate to become so large that it dominated the whole of its market."

Changes by Morgan Grenfell

By Michael Lafferty, Banking Correspondent

MORGAN GRENFELL, one of the City's largest merchant banks, is planning a new international strategy under which many of its existing overseas representative offices will be converted into local banks.

North Sea oil

pricing moderate at the recent Caracas meeting, is to raise its crude prices by \$4 a barrel in two stages, according to industry reports.

pricing "hawks." Indonesia's state oil corporation, Pertamina, has notified Japanese oil refiners and importers that its prices will be raised by \$2 a barrel from January 1. Indonesia's standard type of M30s crude oil will thus cost \$27.50 a barrel.

Weather

Table with weather forecasts for UK TODAY and WORLDWIDE, including locations like Athens, Berlin, London, and various international cities.



"I know it's a charity, but it never feels like one."

When you are getting on in years and find that you can no longer cope, it is good to know that the Distressed Gentlefolk's Aid Association runs 13 special Residential and Nursing Homes for people like you.

Distressed Gentlefolk's Aid Association logo and contact information: Vicarage Gate House, Vicarage Gate, Kensington, London W8 4AQ. "Help them grow old with dignity".

